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Ontario, Northland Transportation Commission

(FIFTY-SEVENTH) ANNUAL REPORT

OF THE

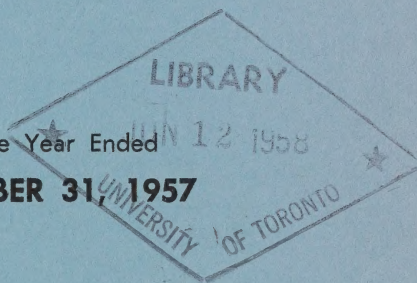
**Ontario Northland Transportation
Commission**

ONTARIO GOVERNMENT RAILWAY

Honourable Leslie M. Frost, Q.C., Prime Minister

For the Year Ended

DECEMBER 31, 1957



PRINTED by ORDER of
THE LEGISLATIVE ASSEMBLY OF ONTARIO



ONTARIO

TORONTO

Printed and Published by Baptist Johnston, Printer to the Queen's
Most Excellent Majesty, 1958

FIFTY-SEVENTH ANNUAL REPORT
OF THE
Ontario Northland Transportation
Commission

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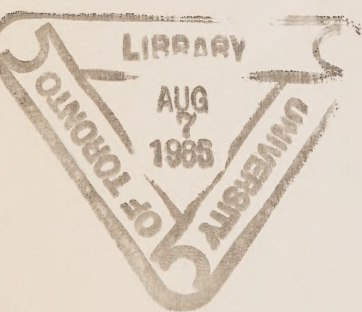
TO THE HONOURABLE JOHN KEILLER MACKAY,
Lieutenant Governor, The Province of Ontario

MAY IT PLEASE YOUR HONOUR:

The undersigned has the honour of
presenting herewith the Fifty-Seventh Annual
Report of the Ontario Northland Transportation
Commission for the year ended December 31st,
1957.

Respectfully submitted,

GEORGE H. DUNBAR,
Provincial Secretary.



ONTARIO NORTHLAND TRANSPORTATION COMMISSION

North Bay, Ontario,

March 14, 1958.

Hon. George H. Dunbar,
Provincial Secretary,
Parliament Buildings,
Toronto, Ontario.

Sir:

In conformity with Section 41 of The Ontario Northland Transportation Commission Act, Chapter 264, Revised Statutes of Ontario, 1950, I have the honour of submitting the Fifty-Seventh Annual Report of the Ontario Northland Transportation Commission for the year ended December 31, 1957.

All of which is respectfully submitted.

C. E. REYNOLDS,

Chairman

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

COLONEL C. E. REYNOLDS, D.S.O., M.C.	Chairman	North Bay
A. R. HERBERT, M.P.P.	Vice-Chairman	Cobalt
COLONEL THE HONOURABLE WILLIAM GRIESINGER, M.C., V.D.	Commissioner	Toronto
REGINALD A. AUBERT	Commissioner	Englehart
ROBERT S. POTTER	Commissioner	Matheson

PRINCIPAL OFFICERS

A. FREEMAN	General Manager	North Bay
A. JARDINE	Assistant General Manager	North Bay
T. D. SAUNDERS	Chief Engineer	North Bay
J. W. MILLAR	Chief Mechanical Officer	North Bay
H. R. McCLEARY	Superintendent	Englehart
R. P. C. McLEOD	Traffic Manager	North Bay
H. H. PHILLIPS	General Freight and Passenger Agent	North Bay
E. L. SHERMAN	Comptroller	North Bay
A. A. HANSMAN	Auditor of Disbursements	North Bay
H. W. STUCKEY	Auditor of Revenues	North Bay
L. R. HUME	Purchasing Agent	North Bay
E. A. FRITH	Manager of Communications	North Bay
T. H. LAVERY	Treasurer	North Bay
R. J. SAYER	Superintendent of Transportation	North Bay
S. W. GOWAN	Secretary of Commission	North Bay



A milestone in the progress of the Ontario Northland Railway was marked June 24th and 25th, 1957, when the last steam engine was taken over the line prior to retirement. The reception above was typical of the crowds which turned out at wayside points to witness the last run of steam. The last steamer will be mounted on a permanent base at Englehart.

ONTARIO NORTHLAND RAILWAY

North Bay, Ontario.

March 3, 1958

Col. C. E. Reynolds, D.S.O., M.C.,
Chairman.

Dear Sir:

The following report for fiscal year ended December 31, 1957, is respectfully submitted.

Results of operations are as follows:

Earnings and Expenses

	1957	1956	Increase or Decrease
Operating Revenues	\$14,804,673	\$15,078,969	\$ 274,296 (d)
Operating Expenses	13,221,747	12,543,513	678,234 (i)
Net Operating Revenues	1,582,926	2,535,456	952,530 (d)
Operating Ratio	89.3%	83.2%	6.1% (i)
Non-Operating Income	648	19,507	18,859 (d)
Gross Income	1,583,574	2,554,963	1,071,389 (d)
Deductions from			
Gross Income	620,389	551,602	68,787 (i)
Net Profit to			
Surplus Account	963,185	2,003,361	1,040,176 (d)

The decrease in net earnings reflected in the above table is accounted for in the main by a decrease in revenues of \$274,296 and increased expenses amounting to \$678,234. The anomalous situation of a substantial increase in expenses in the face of declining revenues may be explained in part at least by the fact that the eleven percent wage increase granted in 1956 on a progressive basis became fully effective in 1957, resulting in higher wage costs. Also a major factor in the increased expenses is the cost of Health and Welfare benefits which became effective January 1, 1957. This item alone, for all classes of employees, amounted to approximately \$100,000 for the year. Additional maintenance work due to hurricane conditions in the early summer also contributed to operating costs.

Revenues from various classes of service are:

	1957	1956	Increase or Decrease
Freight	\$10,788,696	\$11,153,755	\$ 365,059 (d)
Passenger	839,537	864,428	24,881 (d)
Express	348,087	366,584	18,497 (d)
Communications	2,102,414	1,937,791	164,613 (i)
All Other	725,939	756,411	30,472 (d)
	<u>\$14,804,673</u>	<u>\$15,078,969</u>	<u>\$ 274,296 (d)</u>

The decline of \$365,059 in freight revenues, as compared with the previous year, is a relatively large one but in making this comparison it should be pointed

out that freight revenues in 1956 were the largest in the history of the railway and it is probably only natural that a decrease in freight movement would occur after a period of high activity. Passenger train and miscellaneous services, with the exception of Communications, also showed declines in revenue of varying degrees but compared with the peak year of 1956, the declines may be regarded as normal fluctuations.

Communications services continue to expand with a corresponding increase in revenues, amounting to \$164,613 over the previous year. This department of the railway has enjoyed steady growth over a number of years and the prospect is for a continuation of this trend.

Employer-Employee Relationships

I am pleased to report a continuation, during 1957, of the harmonious relationship between Management and Employees that has existed over many years and to express on behalf of Management our appreciation for the splendid service rendered by all employees during the past year.

To complete wage settlements made in 1956, the following wage adjustments became effective during 1957:

Non-Operating Employees	— June 1, 1957 — 3%
Conductors, Trainmen and Yardmen	— June 1, 1957 — 5%
Locomotive Engineers and Firemen	— June 1, 1957 — 3%

Notices have been received from the Non-Operating employees requesting that wage rates be increased by eleven (11%) percent and seventeen (17c) cents per hour; allowance of one additional statutory holiday; additional paid vacations and additional funds to be contributed by the Railway to provide increased Health and Welfare benefits and a fund to be set up by the railways to provide severance pay for laid-off employees.

Negotiations in respect to these requests are now in progress.

Financial

Retirement of debentures continued on schedule during 1957, a total of \$1,217,000 being retired. All interest payments were met in full.

Temporary borrowing became necessary during the year to finance capital expenditures and this was arranged on demand loan basis. Temporary loan of \$2:300,000.00 was owing at the year's end.

Motive Power and Equipment

(a) Construction of diesel servicing shop at Moosonee was completed early in 1957 and shop placed in use.

(b) Delivery of six additional diesel units was accepted in 1957. This makes a total of forty-eight (48) units and completes the present phase of the dieselization program.

(c) Three new diesel-powered busses were ordered and received during the year, replacing worn out equipment.

General

(a) Construction of automatic block signals between Bushnell and North Bay is proceeding and it is anticipated will be in operation early in 1958.

(b) Program of track improvement by installation of treated ties, rock ballast and heavier rail was continued in 1957.

(c) Several additional grade crossings were provided with automatic signals as authorized by the Board of Transport Commissioners.

(d) New Communications building at New Liskeard, construction of which was commenced in 1956, is now completed and in service.

(e) With a view to future expansion, land suitable for railway purposes at various points is being acquired as it becomes available.

(f) Railway property and equipment generally is being maintained in first class condition.

Prospective

At time of writing the prospect for year 1958 is fairly good. There appears to be sufficient traffic in sight to equal or surpass that handled in 1957. Beyond 1958 the situation is difficult to assess. General economic conditions will no doubt have a decided influence on volume of traffic available. In particular the demand for forest products such as lumber, pulpwood and newsprint will have an important effect on the gross earnings of the railway.

Yours truly,

A. JARDINE,

General Manager

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

MILES OF TRACK OPERATED

At Close of Fiscal Year, December 31, 1957

MAIN LINE

		Miles	
North Bay	— Timmins	257.20	
Porquis	— Cochrane	28.20	
Cochrane	— Moosonee	186.20	471.60

BRANCH LINES

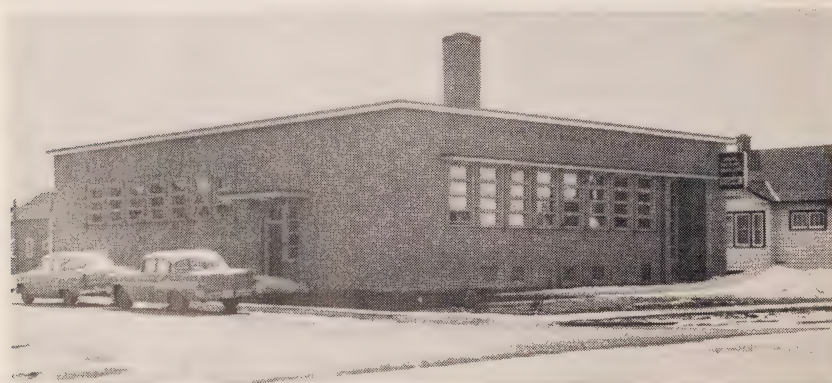
Earlton	— Elk Lake	28.50	
Welsh	— Iroquois Falls	6.20	
Swastika Junction	— Noranda	60.00	94.70

OTHER TRACKS

Yard Tracks and Sidings	113.73	
Public Tracks	18.17	
Under Private Siding Agreement	20.21	
Owned Outright by the Industry	5.03	157.14
		<u>723.44</u>



Capable of operation on road or rail, this vehicle is in operation north of Cochrane. It serves as ambulance and as rail inspection car in the sparsely settled area.



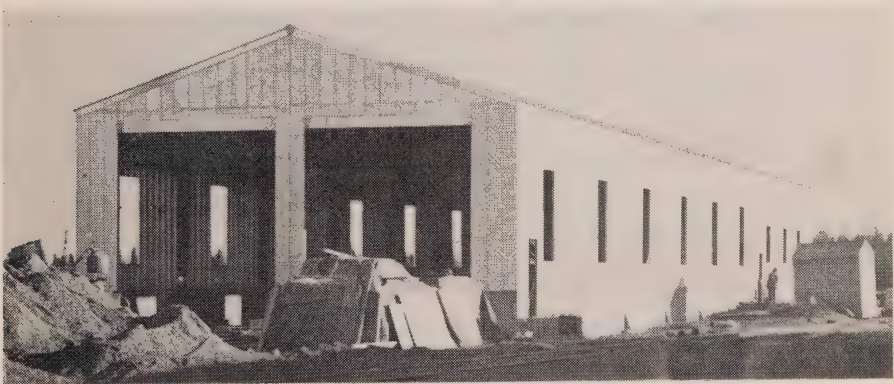
Improvements in the Ontario Northland Communications Department included construction of this long distance telephone exchange and telegraph office at New Liskeard.



Highway Services were improved by the addition of three diesel-powered Courier buses which have been placed in operation on the North Bay-Timmins service.



Delivery of four locomotives of this type in 1957 completed the dieselization program. The 1600-class diesels were built at London, Ontario, and rates at 1750 horse-power.



Completion of a diesel shop at Moosonee has greatly facilitated railway operations at this point. A similar structure will be built at Rouyn in 1958.



Ontario Northland Boat Lines structures dominate the Temagami waterfront. The Temagami area is maintaining its position as Ontario's popular playground.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

BALANCE SHEET

As at December 31, 1957

ASSETS

INVESTMENTS

Road	\$ 45,955,176.33		
Leased Property — Improvements	1,377,977.58		
Miscellaneous	414,029.25		
	<u>\$ 47,747,183.16</u>		
Less — Accumulated Depreciation	1,372,424.36	\$ 46,374,758.80	
Equipment	\$ 21,906,641.36		
Floating Equipment	429,694.43		
	<u>\$ 22,336,335.79</u>		
Less — Accumulated Depreciation	6,916,355.69	15,419,980.10	
Investment in Wholly Owned Subsidiary—			
Nipissing Central Railway	\$ 4,943,365.00		
Less — Retirement Reserve	674,377.71	4,268,987.29	\$ 66,063,726.19

CURRENT ASSETS

Cash in Bank	\$ 401,059.20		
Agents' and Conductors' Balances	855,628.24		
Accounts Receivable	343,702.75		
Traffic Balances	235,596.02		
Material and Supplies	2,494,885.53		
Other Assets	7,872.66	4,338,744.40	

DEFERRED ASSETS

Pension Fund Investments	\$ 6,130,488.33		
Fire Insurance Fund Investments	236,864.95		
Health and Welfare Fund	633.67	6,367,986.95	

UNADJUSTED DEBITS

Ballast Pits	37,572.54		
Other Unadjusted Debits	14,805.46	52,378.00	
		<u>\$ 76,822,835.54</u>	

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

BALANCE SHEET

As at December 31, 1957

LIABILITIES

LOAN FROM PROVINCE OF ONTARIO

Loan Without Interest \$ 30,207,934.92

LONG TERM DEBT

Instalment Debentures 4% 1958-1968 —
Payable in Canadian or U.S. Funds
Guaranteed by Province of Ontario ..\$ 3,009,000.00
Less: Included in Current Liabilities 225,000.00 \$ 2,784,000.00

Instalment Debentures 2½% 1958-1959 —
Payable in Canadian Funds Guarant-
eed by Province of Ontario\$ 1,000,000.00
Less: Included in Current Liabilities ... 500,000.00 500,000.00

Instalment Debentures 4% 1958-1962 —
Payable in Canadian Funds Guarant-
eed by Province of Ontario\$ 2,500,000.00
Less: Included in Current Liabilities ... 500,000.00 2,000,000.00

Debentures 4¼% 1968 Payable in Cana-
dian Funds Guaranteed by Province
of Ontario 5,500,000.00
Mortgage Payable—Main Street Property 1958-1962 4,767.80 \$ 10,788,767.80

CURRENT LIABILITIES

Instalment Debentures Due in 1958\$ 1,225,000.00
Bank Loan Guaranteed by Province of Ontario 2,300,000.00
Accounts, Wages and Salaries 1,065,998.36
Traffic Balances 162,635.09
Debenture Interest 96,770.82 4,850,404.27

DEFERRED LIABILITIES

Pension Fund Reserve\$ 6,130,488.33
Fire Insurance Reserve 236,864.95
Health and Welfare Reserve 633.67 6,367,986.95

UNADJUSTED CREDITS

Fidelity Insurance Reserve\$ 3,610.43
Other Unadjusted Credits 29,985.58 33,596.01

SURPLUS 24,574,145.59
\$ 76,822,835.54

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

SURPLUS ACCOUNT

For the Year Ended December 31, 1957

Balance at December 31, 1956		\$ 23,852,885.15
Add—		
Net Income for year ended		
December 31, 1957	\$ 963,185.38	
Sundry Net Credits	505.38	963,690.76
		<u>\$ 24,816,575.91</u>
Deduct—		
Retirement of Charlton Branch	\$ 147,182.47	
Final Depreciation Adjustment to Complete		
Retirement of Steam Locomotives	58,593.31	
Retirement of Obsolete Steam		
Locomotive Repair Parts	36,654.54	242,430.32
Balance—December 31, 1957		<u><u>\$ 24,574,145.59</u></u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

AUDITOR'S CERTIFICATE

I have audited the books, records and accounts of the Ontario Northland Transportation Commission for the year ended December 31, 1957.

Subject to my report of this date attached, I certify that, in my opinion, the above Balance Sheet and related Comparative Income Statement and Surplus Account are properly drawn up so as to present fairly the financial position of the Commission at December 31, 1957, and the result of its operations for the year then ended and as shown by the books of the Commission.

(Signed) H. A. COTNAM, F.C.A.

Provincial Auditor

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

COMPARATIVE INCOME STATEMENT

January 1 to December 31, 1957
and January 1 to December 31, 1956

OPERATING INCOME

	Jan. 1, to Dec. 31, 1957	Jan. 1 to Dec. 31, 1956
Railway Operating Revenues	\$ 14,804,673.06	\$ 15,078,969.67
Railway Operating Expenses	13,221,747.00	12,543,513.44
Net Operating Revenue	\$ 1,582,926.06	\$ 2,535,456.23

NON-OPERATING INCOME

Interest and Exchange		18,892.13
Miscellaneous Income	648.41	615.75
	\$ 648.41	\$ 19,507.88
Total Income	\$ 1,583,574.47	\$ 2,554,964.11

DEDUCTIONS FROM TOTAL INCOME

Surcharge, Freight and Passenger	\$ 66,748.76	\$ 9,484.87
Interest on Funded Debt	500,562.50	541,712.44
Interest and Exchange	52,498.42	
Foreign Exchange and Bank Commissions on Funded Debt	218.41	244.15
Miscellaneous Income Charges	361.00	161.00
	\$ 620,389.09	\$ 551,602.46
Net Income Carried to Surplus	\$ 963,185.38	\$ 2,003,361.65

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

RAILWAY OPERATING REVENUES

January 1 to December 31, 1957

and January 1 to December 31, 1956

	Jan. 1, to Dec. 31, 1957	Jan. 1 to Dec. 31, 1956
Freight	\$ 10,788,696.60	\$ 11,153,755.14
Passenger	839,537.29	864,428.06
Baggage	8,388.14	4,892.58
Mail	140,101.00	122,183.85
Express	348,087.55	366,583.53
Other Passenger Train	23.00	34.00
Milk	1,789.96	2,565.03
Switching	16,053.31	15,838.54
Dining and Buffet Car	73,464.93	14,263.34
Restaurant and News	39,151.14	107,557.92
Station, Train and Boat Privileges	3,356.82	2,816.68
Storage — Baggage	251.70	303.50
Storage — Freight	1,814.00	1,824.89
Demurrage	32,544.46	33,926.00
Rent of Buildings and Other Property	76,037.40	67,281.75
Other	23,601.56	62,070.00
Joint Facility — Dr.	6,406.73	5,672.56
Commercial Communications — Telegraph	255,540.52	225,894.15
Commercial Communications — Telephone	1,846,873.58	1,711,897.29
Highway Transport — Bus	119,961.60	116,596.94
Boat Lines	130,473.83	147,049.56
Tourist Camps and Ferry Service	65,331.40	62,879.48
	<u>\$ 14,804,673.06</u>	<u>\$ 15,078,969.67</u>

SUMMARY OF RAILWAY OPERATING EXPENSES

Road Maintenance	\$ 3,249,464.28	\$ 3,112,270.17
Equipment Maintenance	2,671,551.90	2,489,358.15
Traffic	103,984.74	81,001.27
Transportation	3,963,174.08	3,954,662.63
Miscellaneous Operations	147,033.10	147,469.06
General	939,436.07	811,450.82
Equipment Rents	238,376.02	148,914.03
Joint Facility Rents	45,679.38 CR	31,613.92 CR
Railway Tax Accruals	111,847.56	75,000.00
Commercial Communications Operations	1,489,859.99	1,369,636.00
Highway Transport — Bus Operations	122,982.83	151,303.45
Boat Lines Operations	172,852.25	182,652.11
Tourist Camp Operations	56,863.56	51,409.67
	<u>\$ 13,221,747.00</u>	<u>\$ 12,543,513.44</u>

Ratio of Operating Expense to Operating Revenue 89.3% 83.2%

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

TRAFFIC AND MILEAGE STATISTICS

January 1 to December 31, 1957

PASSENGER TRAFFIC

Number of passengers carried earning revenue	227,427
Number of passengers carried one mile	25,598,075
Number of passengers carried one mile per mile of road	45,218
Average distance carried (miles)	113
Total passenger revenue	839,537.29
Average amount received from each passenger	3.69
Average receipts per passenger per mile (cents)	3.28
Total passenger train service revenue	1,337,926.94
Passenger service train revenue per mile of road	2,363.41
Passenger service train revenue per train mile	2.79

FREIGHT TRAFFIC

Number of tons carried earning revenue	2,695,502
Number of tons carried earning revenue one mile	572,138,952
Number of tons carried earning revenue one mile per mile of road	1,010,668
Average distance haul of one ton (miles)	212
Total Freight revenue	10,788,696.60
Average amount received for each ton	4.00
Average amount received per ton per mile (cents)	1.89
Freight revenue per mile of road	19,057.93
Freight revenue per train mile	12.58

TOTAL TRAFFIC

Operating Revenue	14,804,673.06
Operating revenue per mile of road	26,152.05
Operating revenue per train mile	11.08
Operating expenses	13,221,747.00
Operating expenses per mile of road	23,355.85
Operating expenses per train mile	9.89
Net operating revenue	1,582,926.06
Net operating revenue per mile of road	2,796.20

CAR MILEAGE

Average number of passengers carried one mile per car mile	5.8
Average number of passengers carried one mile per train mile	53.4
Average number of passenger cars per train mile	9.3
Mileage of passenger cars	4,435,281
Mileage of loaded freight cars	18,991,561
Mileage of empty freight cars	13,014,368
Average number of freight cars per train mile	38.3
Average number of loaded freight cars per train mile	22.1
Average number of empty freight cars per train mile	15.2
Average number of tons of freight per train mile	667.3
Average number of tons of freight per loaded car mile	30.1
Average number of miles operated during year	566.1

TRAIN MILEAGE

Mileage of revenue passenger trains	479,291
Mileage of revenue freight trains	857,390
Total revenue train mileage	1,336,681

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

AUDITOR'S REPORT

Toronto, March 13, 1958

The Commissioners,
Ontario Northland Transportation Commission,
North Bay, Ontario.

Dear Sirs:

In accordance with Section 39 of The Ontario Northland Transportation Commission Act, I have conducted an audit of the books, records and accounts of the Commission for the year ended December 31, 1957, and comment thereon as follows:

BALANCE SHEET

The cash in banks at December 31, 1957, was reconciled with the balances shown on confirmations received from the banks concerned. The securities held as at December 31, 1957 were verified by examination and reconciliation with the related records. The securities of the Pension Fund and of the Fire Insurance Fund are stated at cost.

The Nipissing Central Railway is a wholly owned subsidiary of the Ontario Northland Transportation Commission. By agreement, the Commission operates, as a part of its system, the property of the Nipissing Central Railway.

Materials and Supplies had a total book value of \$2,494,885.53, which is a decrease of \$313,716.74 from the related total at December 31, 1956.

A physical inventory of Materials and Supplies was taken by the Ontario Northland Railway as at August 31, 1957 and in connection therewith I have received certificates from responsible officers to the effect:

- (a) That the quantities were determined by actual count, weight or measurement or by conservative estimates where actual count, weight or measurement was impracticable, and;
- (b) That the basis of Inventory pricing was laid down cost for new materials, and estimated utility or sales value for useable reclaimed, obsolete and scrap materials, after making reasonable pricing allowances for condition thereof.

The General Manager of the Commission has stated that, to the best of his information and belief, all liabilities of the Commission have been disclosed on the balance sheet at December 31, 1957, with the exception of the following contingent liabilities:

1. Permanent awards under The Workmen's Compensation Act for which no reserve has been set up on the books of the Commission.
2. Amounts required to meet Non-Contributory Pension Payroll.

An actuarial valuation of the Pension Fund was made as of December 31, 1956, by William M. Mercer Limited and reveals that at the above date a deficit of \$15,396,994 existed. As at December 31, 1951 the deficit was \$11,768,100. Since 1948, employees and the Commission have each contributed at a rate of 6% per annum but no payments towards funding the deficit have been made nor has any interest been paid thereon. Thus the Fund is in a very serious position.

The actuary reports on the deficit as follows:

"The deficiency represents money which ought to be in the Fund if the Pension Fund were solvent. This money would be expected to earn interest at the rate of 3% per annum. Hence unless interest at the rate of 3% is paid from some source on the deficiency of \$15,396,994 the deficiency will increase year by year at this rate."

In view of the foregoing comments of the actuary, I strongly recommend that immediate steps be taken to place the Fund on a sound actuarial basis.

SURPLUS ACCOUNT

During the year adjustments of surplus account were required to complete the retirement of steam locomotives made obsolete by the adoption of diesel-electric motive power, and steam locomotive repair parts now obsolete. The adjustments required were \$58,593.31 for locomotives and \$36,654.54 for repair parts.

The Charlton Branch line retirement was also completed and required an adjustment to surplus of \$147,182.47.

As at December 31, 1957, the balance at credit of surplus account is \$24,574,145.59 and has increased over the comparable figure as at December 31, 1956, by \$721,260.44. This net increase arises from Net Income earned of \$963,185.38 with sundry net credits of \$505.38, less total surplus adjustments of \$242,430.32, as mentioned above.

COMPARATIVE INCOME STATEMENT

The operating accounts of the Commission show a net income of \$963,185.38 for the year ended December 31, 1957, which includes Net Operating Revenue from Commercial Telephone and Telegraph Operations amounting to \$612,554.11.

During the year under review no interest has been required from the Commission on the loan of \$30,207,934.92 owing to the Province of Ontario.

A revision in accounting treatment accorded certain operating accounts, as prescribed by the Board of Transport Commissioners for Canada, has been given effect to in the year ended December 31, 1957. The figures for the previous year have been revised to establish them on a comparable basis with those for the current year.

Yours faithfully,

(Signed)

H. A. COTNAM, F.C.A.

Provincial Auditor.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

DETAILS OF RAILWAY EQUIPMENT

	Dec. 31 1956	Additions	Retire- ments	Conver- sions	Dec. 31 1957
LOCOMOTIVES					
Passenger — Steam	2	—	2	—	—
Freight — Steam	6	—	5	—	1
Diesel Yard Switchers	4	—	—	—	4
Diesel Road Switchers	16	6	—	—	22
Road "A" Units	22	—	—	—	22
	50	6	7		49
PASSENGER EQUIPMENT					
First Class	25	—	—	—	25
Second Class	0	—	—	—	0
Combination	6	—	—	—	6
Restaurant	1	—	—	—	1
Lunch and First Class	3	—	1	—	2
Cafe Parlor	2	—	—	—	2
Postal Baggage	19	—	—	—	19
Other (Box Baggage)	2	—	—	—	2
	58		1		57
FREIGHT REVENUE EQUIPMENT					
Box	1027	—	6	—	1021
Flat	168	—	1	—	167
Hopper	100	—	—	—	100
Stock	24	—	—	—	24
	1319		7		1312
Caboose	39	—	1	—	38
WORK EQUIPMENT					
Business Cars	4	—	—	—	4
All other cars in Railway Service	243	—	4	1	240
	247		4	1	244
HIGHWAY EQUIPMENT					
Bus	13	3	3	—	13
Truck	20	5	5	—	20
Trailers	4	2	—	—	6
Station Wagons	2	—	—	—	2
	39	10	8		41

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FIFTY-EIGHTH ANNUAL REPORT

OF THE Ontario Northland Transportation Commission

ONTARIO GOVERNMENT RAILWAY

Honourable Leslie M. Frost, Q.C., Prime Minister

For the Year Ended
DECEMBER 31, 1958



PRINTED by ORDER of
THE LEGISLATIVE ASSEMBLY OF ONTARIO



ONTARIO

TORONTO

Printed and Published by Baptist Johnston, Printer to the Queen's
Most Excellent Majesty, 1959

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Most Excellent Majesty, 1959

TO THE HONOURABLE JOHN KEILLER MACKAY,
Lieutenant Governor, The Province of Ontario

MAY IT PLEASE YOUR HONOUR:

The undersigned has the honour of
presenting herewith the Fifty-Eighth Annual
Report of the Ontario Northland Transportation
Commission for the year ended December 31st,
1958.

Respectfully submitted,

MACKINNON PHILLIPS,
Provincial Secretary

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

North Bay, Ontario,

March 18th, 1959

Hon. Mackinnon Phillips,
Provincial Secretary,
Parliament Buildings,
Toronto, Ontario

Sir:

In conformity with Section 41 of The Ontario Northland Transportation Commission Act, Chapter 264, Revised Statutes of Ontario, 1950, I have the honour of submitting the Fifty-Eighth Annual Report of the Ontario Northland Transportation Commission for the year ended December 31, 1958.

All of which is respectfully submitted.

C. E. REYNOLDS,
Chairman



R. S. Potter
COMMISSIONER

W. A. Johnston
M.P.P.
COMMISSIONER

S. W. Gowan
SECRETARY

C. E. Reynolds
CHAIRMAN

A. Jardine
GENERAL MANAGER

R. A. Aubert
COMMISSIONER

A. R. Herbert
M.P.P.
VICE-CHAIRMAN

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

COLONEL C. E. REYNOLDS, D.S.O., M.C.	Chairman	North Bay
A. R. HERBERT, M.P.P.	Vice-Chairman	Cobalt
W. A. JOHNSTON, M.P.P.	Commissioner	South River
REGINALD A. AUBERT	Commissioner	Englehart
ROBERT S. POTTER	Commissioner	Matheson

PRINCIPAL OFFICERS

A. JARDINE	General Manager	North Bay
T. D. SAUNDERS	Chief Engineer	North Bay
J. W. MILLAR	Chief Mechanical Officer	North Bay
H. R. McCLEARY	Superintendent	Englehart
R. P. C. McLEOD	Traffic Manager	North Bay
H. H. PHILLIPS	General Freight and Passenger Agent	North Bay
A. A. HANSMAN	Comptroller	North Bay
E. W. LIDKEA	Auditor of Disbursements	North Bay
H. W. STUCKEY	Auditor of Revenues	North Bay
L. R. HUME	Purchasing Agent	North Bay
E. A. FRITH	Manager of Communications	North Bay
J. BR/SBANE	Treasurer	North Bay
R. J. SAYER	Superintendent of Transportation	North Bay
S. W. GOWAN	Secretary	North Bay

ONTARIO NORTHLAND RAILWAY

North Bay, Ontario,

March 3rd, 1959

Col. C. E. Reynolds, D.S.O., M.C.,
Chairman.

Dear Sir:

The following report of operations for fiscal year ended December 31, 1958, is respectfully submitted.

	1958	1957	Increase or Decrease
Earnings and Expenses			
Total Revenues	\$15,204,416	\$14,805,321	\$ 399,095 (i)
Total Expenses	14,290,482	13,842,136	448,346 (i)
Net Earnings to Surplus	\$ 913,934	\$ 963,185	\$ 49,251 (d)
Revenue by Classes of Service			
Freight	\$10,957,997	\$10,788,696	\$ 169,301 (i)
Passenger	798,093	839,537	41,444 (d)
Express	335,538	348,087	12,549 (d)
Communications	2,437,390	2,102,414	334,976 (i)
Other	675,398	726,587	51,189 (d)
	\$15,204,416	\$14,805,321	\$ 399,095 (i)

Revenue-wise 1958 must be considered as a satisfactory year with total revenues amounting to \$15,204,416—an increase of almost \$400,000 over 1957. However, expenses increased by an even greater amount, leaving the net position slightly less favourable than the previous year. Wage costs for the year rose by over \$200,000 and material prices, particularly steel and steel products, also were subject to substantial increases. These two factors accounted for the bulk of the rise in expenses of \$448,346.

Freight Revenue in 1958 was better by \$169,301, due in large part to additional traffic resulting from construction of the Trans-Canada Gas Pipe Line. Passenger Revenues declined somewhat, in line with recent trend in this class of service. Increase in Operating Expenses, exclusive of Communications, was \$153,921. Gross Revenues produced by Commercial Communications continued to expand, with an increase of \$334,976 over 1957. Expenses in this Department exceeded those of the previous year by \$294,425.

Freight Rates

To meet wage increases granted the Non-Operating employees, and in consideration of similar requests received from Train Service employees, application was made to the Board of Transport Commissioners for Canada for a general increase in domestic freight rates of Nineteen Percent. The Board authorized an increase of Seventeen Percent, effective December 1st, 1958.

Financial

Maturing debentures amounting to \$1,225,000 were retired on schedule during 1958. All interest payments were met in full. Temporary demand borrowing at year's end amounted to \$2,600,000.

Employer-Employee Relationship

Negotiations with the Non-Operating employees which began in 1957, were completed this year and resulted in a wage increase of four cents per hour, retroactive to January 1, 1958; a further increase of three per cent effective September 1, 1958, and an additional 3 per cent effective April 1st, 1959. This amounts in total to an average of approximately fourteen cents per hour. Annual vacations were extended to four weeks for those Non-Operating employees with over thirty-five years' service.

Notices have been received from the Running Trades employees requesting wage increases and other concessions. It is likely that negotiations with these groups will continue into 1959.

Once again it is my pleasure to report a continuation of the friendly and cooperative relationship that has existed between Management and Employees in the past, and to express on behalf of Management our appreciation for the fine service given by all employees during the year.

General

- (a) Construction of diesel locomotive service shop at Rouyn was commenced this year and it is expected it will be completed and in service during 1959. Major yard changes are also contemplated at Rouyn.
- (b) Automatic signals are being installed at grade crossings as authorized by the Board of Transport Commissioners, two installations being completed on the Rouyn branch in 1958.
- (c) Expansion and improvement is continuing in Commercial Communications to meet the increasing demand for the services offered by this department. Plant installations of late years have been so designed that improved equipment and techniques may be integrated with minimum expense and dislocation of service. A new service offered for public or industrial use is that of Mobile Radio.

Prospective

If, as forecast, the general economy continues to recover and remains on a satisfactory level during 1959, it is anticipated this would have a corresponding favourable effect on the traffic available, and be reflected in the earnings of the railway. Hydro development north of Cochrane by the Ontario Hydro Electric Power Commission, will no doubt result in additional traffic, particularly during the period of construction, which is expected to last several years.

Construction of a harbour at Moosonee and proposed development of mineral properties in the James and Hudson Bay areas hold attractive long term possibilities, not only for the railway and the area served by it, but also for the

country as a whole. The impact of large scale movements of iron ore through Moosonee on the economy of Ontario and of Canada would be tremendous.

A limiting influence on the earning capacity of the railway is the progressive increase in operating expenses, caused by higher wage and material costs. These increases assume special significance during a period of recession such as existed in 1957-58.

Yours truly,

A. JARDINE,

General Manager

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

BALANCE SHEET

As at December 31, 1958

ASSETS

INVESTMENTS

Road	\$ 52,547,247.00		
Leased Property—Improvements	2,743,230.36		
Miscellaneous	404,235.90		
	<u>\$ 55,694,713.26</u>		
Less—Accumulated Depreciation	8,311,635.82	\$ 47,383,077.44	
Equipment	\$ 22,032,781.33		
Floating Equipment	429,694.43		
	<u>\$ 22,462,475.76</u>		
Less—Accumulated Depreciation	7,634,196.99	14,828,278.77	
Investment in Wholly Owned Subsidiary—			
Nipissing Central Railway	4,943,364.00		
Less—Retirement Reserve	674,376.71	4,268,987.29	\$ 66,480,343.50

CURRENT ASSETS

Cash in Bank	\$ 395,304.80		
Agents' and Conductors' Balances	846,086.23		
Accounts Receivable	415,009.94		
Traffic Balances	158,056.34		
Material and Supplies	2,271,626.26		
Other Assets	6,356.16	4,092,439.73	

DEFERRED ASSETS

Pension Fund	\$ 6,604,709.59		
Fire Insurance Fund	256,252.01		
Health and Welfare Fund	2,523.30	6,863,484.90	

UNADJUSTED DEBITS

Ballast Pits	37,572.54		
Other Unadjusted Debits	18,100.61	55,673.15	
		<u>\$ 77,491,941.28</u>	



Hon. Leslie M. Frost, Prime Minister of Ontario, officiating at opening of New Liskeard long distance telephone and telegraph building.



Diesel locomotive shelter at Rouyn, Que., nears completion. This shelter is similar to one already in operation at Moosonee.



Hydro Electric Power Commission construction camp at Otter Rapids where new dam and generating station are under construction.



Nellie Lake stockpile of gas pipe for Trans Canada Pipe Line construction. This stockpile was one of several established during construction through O.N.R. territory.



Shipping at Moosonee in 1957 indicates possible potential for deep sea shipping once full scale port facilities are established.



Winter landing strip at Moosonee uses frozen muskeg for runways. Construction of an all-weather landing strip is being actively promoted.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

BALANCE SHEET

As at December 31, 1958

LIABILITIES

LOAN FROM PROVINCE OF ONTARIO

Loan Without Interest	\$ 30,207,934.92
-----------------------------	------------------

LONG TERM DEBT

Instalment Debentures 4% 1959-1968— Payable in Canadian or U.S. Funds Guaranteed by Province of Ontario \$ 2,781,000.00		
Less—Included in Current Liabilities	234,000.00	\$ 2,547,000.00
Instalment Debentures 2½% 1959— Payable in Canadian Funds—Guaranteed by Province of Ontario	\$ 500,000.00	
Less: Included in Current Liabilities	500,000.00	
Instalment Debentures 4% 1959-1962 — Payable in Canadian Funds, Guaranteed by Province of Ontario	\$ 2,000,000.00	
Less—Included in Current Liabilities	500,000.00	1,500,000.00
Debentures 4¼% 1968, Payable in Canadian Funds Guaranteed by Province of Ontario		5,500,000.00
Mortgage Payable—Main Street Property 1959-1962	4,516.83	9,551,516.86

CURRENT LIABILITIES

Instalment Debentures Due in 1959	\$ 1,234,000.00	
Bank Loan Guaranteed by Province of Ontario	600,000.00	
Demand Loan—Province of Ontario—3¼%	2,000,000.00	
Accounts, Wages and Salaries	1,276,864.56	
Traffic Balance	129,533.65	
Debenture Interest	86,790.00	
Other	1,362.00	5,328,550.21

DEFERRED LIABILITIES

Pension Fund Reserve	\$ 6,604,709.59	
Fire Insurance Fund Reserve	256,252.01	
Health and Welfare Fund Reserve	2,523.30	6,863,484.90

UNADJUSTED CREDITS

Fidelity Insurance Reserve	3,610.43	
Other Unadjusted Credits	56,946.00	60,556.43

SURPLUS	25,479,897.96
---------------	---------------

\$ 77,491,941.28

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

SURPLUS ACCOUNT

For the Year Ended December 31, 1958

Balance December 31st, 1957			\$ 24,574,145.59
Add—			
Net Income for the year ended			
December 31st, 1958	\$	913,934.71	
Sundry Net Credits		9,960.02	923,894.73
			<u>\$ 25,498,040.32</u>
Deduct—			
Adjustment of Coal Stock Inventories	\$	11,139.35	
Ledger Value of Mining Stock Written Down		1,352.00	
Uncollectible Accounts Written Off		4,956.35	
Sundry Debits		694.66	18,142.36
Balance—December 31, 1958			<u>\$ 25,479,897.96</u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

AUDITOR'S CERTIFICATE

I have audited the books, records and accounts of the Ontario Northland Transportation Commission for the year ended December 31, 1958.

Subject to my report of this date attached, I certify that, in my opinion, the above Balance Sheet and related Income Statement and Surplus Account are properly drawn up so as to present fairly the financial position of the Commission at December 31, 1958, and the results of its operations for the year then ended and as shown by the books of the Commission.

(Signed) H. A. COTNAM, F.C.A.

Provincial Auditor

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

INCOME STATEMENT

for the Year Ended December 31, 1958

with Comparative Figures for the Year Ended December 31, 1957

	Year Ended December 31 1958	Year Ended December 31 1957
OPERATING INCOME		
Railway Operating Revenue	\$ 15,203,167.15	\$ 14,804,673.06
Railway Operating Expense	13,723,890.73	13,221,747.00
Net Operating Revenue	<u>\$ 1,479,276.42</u>	<u>\$ 1,582,926.06</u>
NON-OPERATING INCOME		
Miscellaneous Income	\$ 1,248.84	\$ 648.41
Total Income	<u>\$ 1,480,525.26</u>	<u>\$ 1,583,574.47</u>
DEDUCTIONS FROM TOTAL INCOME		
Interest on Funded Debt	\$ 459,031.13	\$ 500,562.50
Interest on Unfunded Debt	84,799.71	52,134.41
Miscellaneous Income Charges	22,759.71	67,692.18
	<u>\$ 566,590.55</u>	<u>\$ 620,389.09</u>
Net Income Carried to Surplus	<u><u>\$ 913,934.71</u></u>	<u><u>\$ 963,185.38</u></u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

RAILWAY OPERATING REVENUES

January 1 to December 31, 1958
and January 1 to December 31, 1957

	Jan. 1 to Dec. 31, 1958	Jan. 1 to Dec. 31, 1957
Freight	\$ 10,957,997.72	\$ 10,788,696.60
Passenger	798,093.50	839,537.29
Baggage	7,416.95	8,388.14
Mail	140,638.58	140,101.00
Express	335,537.90	348,087.55
Other Passenger Train	2.40	23.00
Milk	3,012.14	1,789.96
Switching	21,855.52	16,053.31
Dining and Buffet Car	58,329.48	73,464.93
Restaurant and News	37,449.63	39,151.14
Station Train and Boat Privileges	4,565.59	3,356.82
Storage Baggage	328.96	251.70
Storage Freight	1,875.44	1,814.00
Demurrage	23,389.64	32,544.46
Rent of Buildings and Other Property	72,397.71	76,037.40
Other	16,983.26	23,601.56
Joint Facility — DR	7,021.06	6,406.73
Commercial Communications — Telegraph	263,615.18	255,540.52
Commercial Communications — Telephone	2,173,775.27	1,846,873.58
Highway Transport — Bus	124,556.66	119,961.60
Boat Lines	116,835.41	130,473.83
Tourist Camp and Ferry Service	51,531.27	65,331.40
	<u>\$ 15,203,167.15</u>	<u>\$ 14,804,673.06</u>

SUMMARY OF RAILWAY OPERATING EXPENSES

Road Maintenance	\$ 3,487,343.29	\$ 3,249,464.28
Equipment Maintenance	2,770,258.37	2,671,551.90
Traffic	103,665.21	103,984.74
Transportation	3,890,302.20	3,963,174.08
Miscellaneous Operations	141,946.83	147,033.10
General	939,430.18	939,436.07
Equipment Rents	188,037.82	238,376.02
Joint Facility Rents	32,535.04CR	45,679.38CR
Railway Tax Accruals	87,910.66	111,847.56
Commercial Communications Operations	1,784,285.14	1,489,859.99
Highway Transport — Bus Operations	140,644.03	122,982.83
Boat Lines Operations	166,610.44	172,852.25
Tourist Camp Operations	55,991.60	56,863.56
	<u>\$ 13,723,890.73</u>	<u>\$ 13,221,747.00</u>

Ratio of Operating Expenses to Operating Revenue 90.2% 89.3%

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

TRAFFIC AND MILEAGE STATISTICS

January 1st to December 31st, 1958

PASSENGER TRAFFIC

Number of passengers carried earning revenue	200,749
Number of passengers carried one mile	24,819,711
Number of passengers one mile per mile of road	43,828
Average distance carried (miles)	123
Total passenger revenue	798,093.50
Average amount received from each passenger	3.98
Average receipts per passenger per mile (cents)	3.22
Total passenger train service revenue	1,284,701.47
Passenger service train revenue per mile of road	2,268.59
Passenger service train revenue per train mile	2.71

FREIGHT TRAFFIC

Number of tons carried earning revenue	2,716,705
Number of tons carried earning revenue one mile	578,823,800
Number of tons carried earning revenue one mile per mile of road	1,022,115
Average distance haul of one ton (miles)	213
Total freight revenue	10,957,997.72
Average amount received for each ton	4.03
Average amount received per ton per mile (cents)	1.89
Freight revenue per mile of road	19,350.16
Freight revenue per train mile	12.98

TOTAL TRAFFIC

Operating revenue	15,203,167.15
Operating revenue per mile of road	26,846.48
Operating revenue per train mile	11.53
Operating expenses	13,723,890.73
Operating expenses per mile of road	24,234.31
Operating expenses per train mile	10.41
Net operating revenue	1,479,276.42
Net operating revenue per mile of road	2,612.18

CAR MILEAGE

Average number of passengers carried one mile per car mile	5.7
Average number of passengers carried one mile per train mile	52.4
Average number of passenger cars per train mile	9.1
Mileage of passenger cars	4,347,004
Mileage of loaded freight cars	18,759,076
Mileage of empty freight cars	12,796,172
Average number of freight cars per train mile	38.3
Average number of loaded freight cars per train mile	22.2
Average number of empty freight cars per train mile	15.2
Average number of tons of freight per train mile	685.7
Average number of tons of freight per loaded car mile	30.9
Average number of miles operated during year	566.3

TRAIN MILEAGE

Mileage of revenue passenger trains	474,028
Mileage of revenue freight trains	844,146
Total revenue train mileage	1,318,174

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

AUDITOR'S REPORT

Toronto, March 12, 1959

The Commissioners,
Ontario Northland Transportation Commission,
North Bay, Ontario

Dear Sirs:

In accordance with Section 39 of The Ontario Northland Transportation Commission Act, I have conducted an audit of the books, records and accounts of the Commission for the year ended December 31, 1958, and comment thereon as follows:

BALANCE SHEET

The cash in banks at December 31, 1958 was reconciled with the balances shown on confirmations received from the banks concerned. The securities held at December 31, 1958 were verified by examination and reconciliation with the related records. The securities of the Pension Fund and of the Fire Insurance Fund are stated at cost.

The Nipissing Central Railway is a wholly owned subsidiary of the Ontario Northland Transportation Commission. By agreement, the Commission operates the property of the Nipissing Central Railway as a part of its system.

Materials and supplies had a total book value of \$2,271,626.26, which is a decrease of \$223,259.27 from the related total at December 31, 1957.

A physical inventory of Materials and Supplies was taken by the Ontario Northland Railway as at August 31, 1958 and in connection therewith I have received certificates from responsible officers to the effect:

- (a) That the quantities were determined by actual count, weight or measurement or by conservative estimates where actual count, weight or measurement was impracticable, and:
- (b) That the basis of Inventory pricing was laid down cost for new materials and estimated utility or sales value for usable reclaimed, obsolete and scrap materials, after making reasonable pricing allowances for condition thereof.

The General Manager of the Commission has stated that, to the best of his information and belief, all liabilities of the Commission have been disclosed on the balance sheet at December 31, 1958 with the exception of the following contingent liabilities:

- (1) Permanent awards under The Workmen's Compensation Act for which no reserve has been set up on the books of the Commission.

- (2) Amounts required to meet Non-Contributory Pension Payroll.
- (3) Amounts required to meet awards under the Non-Scheduled Employees' Health and Welfare Plan.

No change has occurred in the basic actuarial condition of the Pension Fund since my report of March 13, 1958. My comments, as well as the quotation from the report of the actuary are still applicable. Accordingly, I must repeat my recommendation that immediate steps be taken to place the Fund on a sound actuarial basis.

SURPLUS ACCOUNT

During the year an adjustment to surplus totalling \$11,139.35 was made in connection with the coal inventory at Englehart. This adjustment was occasioned by coal continuing to be reported as being on hand in prior years whereas in fact the coal had been used without being charged to operations. This amount, together with the remaining items totalling \$7,003.01, make up the total of \$18,142.36 charged to surplus.

As at December 31, 1958 the balance at the credit of surplus account is \$25,479,897.96 and has increased over the comparable figure as at December 31, 1957 by \$905,752.37. This net increase arises from Net Income earned of \$913,934.71 with sundry net credits of \$9,960.02 less total charges to surplus of \$18,142.36.

INCOME STATEMENT

The operating accounts of the Commission show a Net Income of \$913,934.71 for the year ended December 31, 1958, which includes Net Operating Revenue from Commercial Telephone and Telegraph Operations amounting to \$653,105.31.

During the year under review no interest has been required from the Commission on the loan of \$30,207,934.92 owing to the Province of Ontario.

The revision of the accounts of the railroad, in accordance with the requirements of the Board of Transport Commissioners, has been completed. To give effect to the new regulations for depreciation accounting, it has been necessary to revalue track structures at estimated current values. As a result the book value of Road has been increased by some \$5,500,000 and Leased Property by some \$800,000 with a corresponding increase in the related depreciation reserve.

Yours faithfully,

(Signed) H. A. COTNAM, F.C.A.

Provincial Auditor

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

DETAILS OF RAILWAY EQUIPMENT

	Dec. 31 1957	Additions	Retire- ments	Conver- sions	Dec. 31 1958
LOCOMOTIVES					
Freight — Steam	1	—	1	—	0
Diesel Yard Switchers	4	—	—	—	4
Diesel Road Switchers	22	—	—	—	22
Road "A" Units	22	—	—	—	22
	<u>49</u>	<u>—</u>	<u>1</u>	<u>—</u>	<u>48</u>
PASSENGER EQUIPMENT					
First Class	25	—	—	—	25
Second Class	0	—	—	—	0
Combination	6	—	—	—	6
Restaurant	1	—	—	—	1
Lunch and First Class	2	—	—	—	2
Cafe Parlor	2	—	1	—	1
Postal Baggage	19	—	—	—	19
Other (Box Baggage)	2	—	—	—	2
	<u>57</u>	<u>—</u>	<u>1</u>	<u>—</u>	<u>56</u>
FREIGHT REVENUE EQUIPMENT					
Box	1021	—	—	—	1021
Flat	167	—	—	—	167
Hopper	100	—	—	—	100
Stock	24	—	—	—	24
	<u>1312</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1312</u>
Caboose	38	—	—	—	38
WORK EQUIPMENT					
Business Cars	4	—	1	—	3
All Other Cars in Railway Service	240	2	6	—	236
	<u>244</u>	<u>2</u>	<u>7</u>	<u>—</u>	<u>239</u>
HIGHWAY EQUIPMENT					
Bus	13	—	1	—	12
Truck	20	3	3	—	20
Trailers	6	—	—	—	6
Station Wagons	2	—	—	—	2
	<u>41</u>	<u>3</u>	<u>4</u>	<u>—</u>	<u>40</u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

MILES OF TRACK OPERATED

At Close of Fiscal Year, December 31, 1958

MAIN LINE

	Miles	
North Bay — Timmins	257.20	
Porquis — Cochrane	28.20	
Cochrane — Moosonee	186.20	471.60

BRANCH LINES

Earlton — Elk Lake	28.50	
Welsh — Iroquois Falls	6.20	
Swastika Junction — Noranda	60.00	94.70

OTHER TRACKS

Yard Tracks and Sidings	113.52	
Public Tracks	17.96	
Under Private Siding Agreement	20.88	
Owned Outright by the Industry	5.03	157.39
		<u>723.69</u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION**DEVELOPMENT OF MOOSONEE AS AN OCEAN PORT**

**A Review of Investigations Since 1911 and of Steps Taken in 1958
to Promote the Undertaking**

by O. T. G. WILLIAMSON

An investigation was undertaken by the Commission in 1958 which, if brought to a successful conclusion, may result in the greatest single development enterprise since the inception of the railway. In 1932, when the 'last spike' was driven at Moosonee, the ceremony was hailed as establishing that northern terminus as Ontario's ocean port. Actually, it has never become that in any practical sense. It is true that the extension of the railway to Moosonee did result in a complete reversal of the flow of traffic, such as it was. Prior to 1932, supplies of all sorts for the Hudson's Bay Company, Revillon Freres and others active in James Bay area came in during the short navigation season by ship through Hudson Strait. After that date, it was no longer necessary to make that hazardous passage. The railway brought in trade goods and supplies as required throughout the year and shipments of furs went south. However, for more than twenty years the volume of this traffic was insufficient to justify the transportation services given by the railway from the point of view of the annual balance sheet. As a long-term development project, the extension to Moosonee may be considered in a more favourable light. If, as is envisioned by the Commission, Moosonee should become the point of origin for the heaviest traffic movement in the railway's history, it will be a matter for congratulation that the 186 mile extension from Cochrane was constructed during the decade following 1922 and not at the costs prevailing today. It is to develop this traffic that the Commission is now engaged in promoting the construction of a first-class ocean port at Moosonee.

It will be the purpose of this report to epitomize the information with respect to navigation on the Moose River which has been gathered by agents of the railway from 1911 onward. On the basis of this information, this report will discuss the feasibility of constructing a suitable harbour at Moosonee. Having established this point, consideration will be given to the volume of traffic which may be expected to be developed to make the harbour construction and operation an economic reality. The report will also record the steps which have already been taken to bring the proposal before the various interested Departments of Government and the general public.

In 1911, Mr. S. C. Ells, an engineer of wide experience as an explorer and consultant, was selected to make a study of the coast for the purpose of recommending a suitable terminus for the Temiskaming and Northern Ontario Railway if and when it was extended to James Bay. The location of the terminus was to be intimately associated with the desirability of its being at a site where proper port facilities could be made available. Mr. Ells received his instructions on June 3rd, 1911. He left Cochrane on June 9th, travelling northward on the Frederic-house, Abitibi and Moose Rivers. He again reached Cochrane on September 12th, the return trip being made via the Moose and the Mattagami. All told, he was absent for a period of fourteen weeks. Four weeks were spent in actual travel between Cochrane, Moose Factory and Hannah Bay. Three weeks were devoted to an examination of the country adjacent to the routes of travel. The remaining seven weeks were spent in examining and surveying the estuaries of the Harricaw and Moose Rivers. These two, with the Albany, were popularly consid-

ered to afford opportunities for the development of a deep-water port. To quote Mr. Ells—"It may be said that, apart from these three locations, there is absolutely no other point on James Bay (and within the boundaries of this Province) where a potential tide-water terminal can be said to exist".

Of the Albany River as a possible site for a port, Mr. Ells has this to say—"Regarding the first of these—the Albany River—the stream is for a distance of several miles above its mouth divided into minor channels by numerous islands. The force of the main volume of the river is thus dissipated, with the natural result that many bars and shoals everywhere obstruct the narrow channels. At the outer bar, sailing boats drawing three feet of water must wait for the tide before coming in. In the face of existing conditions, it is indeed difficult to understand why the estuary of the Albany should ever have been seriously considered as a possible harbour site".

Conditions at the Harricanaw and the Moose Rivers were considered more favourable and each was examined in considerable detail, considering the short period at his disposal.

The Harricanaw River, like the Moose, runs for many miles through low-lying country before it reaches Hannah Bay. Also, like the Moose, it is divided into two quite well-defined channels by a series of islands. Unlike the Moose, however, these channels do not unite before discharging into salt water. In consequence, the scouring action which creates and preserves a channel free of silt and bars is far less effective in the case of the Harricanaw. It may be said as well that the banks of the Harricanaw up to an area at all suitable for a townsite are considerably lower than those of the Moose and its estuary is far less well protected from gales from the north and northeast. Mr. Ells says—"The entrance, in any but light weather, would probably be extremely dangerous". For these and other reasons, Mr. Ells selected the Moose River as the most suitable location for the railway terminus.

The Moose enters James Bay through a wide area of low-lying country without prominent and well-defined banks. Such conditions are conducive to the formation of a wide estuary with numerous bars and sand banks in its shallow waters. Six miles inside the outer bar, the estuary is $3\frac{1}{2}$ miles wide. At 18 miles up stream (where Moosonee is now located) the river is still three miles in width and at Fishing Tent Rapids, Mileage 26, the first fast water encountered above Moosonee, it is slightly more than $1\frac{1}{2}$ miles from bank to bank. It is at the latter point that the effect of the tide is lost.

From a short distance below Fishing Tent Rapids to within a few miles of the mouth, the river is divided into two channels by a series of low lying islands and shoals. The townsite of Moosonee is located on what is known rather loosely, as the North Channel and the Hudson's Bay Post, Moose Factory, is almost directly opposite on the south side of Moose or Factory Island and distant about two miles as the crow flies. Mr. Ells remarks—"It is interesting and significant to note that, in spite of the fact that for upwards of 200 years the Hudson's Bay Company ships have been trading in and out of Moose River, no chart or plan of the river has ever been made by that Company, nor is there available a single tidal record". The North Channel takes the major part of the flow and the two channels merge to form the estuary at the mouth of the river.

Mr. Ells prepared a plan in considerable detail from a point well beyond the outer bar up to and including Fishing Tent Rapids. On this is shown a provisional channel with not less than twelve feet of water at ordinary low tide and soundings, corrected to low tide level, are given from the outer bar all the way

up to the site of Moosonee. These latter indicate that except at the outer and inner bars, the depth of the channel varies from twelve to twenty-five feet. Beyond the outer bar, the water deepens uniformly at the rate of five to six feet per mile. The summer current and ebb tide combine to give a maximum current of from three to four miles at Ship Sands and of three miles at Moosonee, which would present no difficulty to propellor-driven craft.

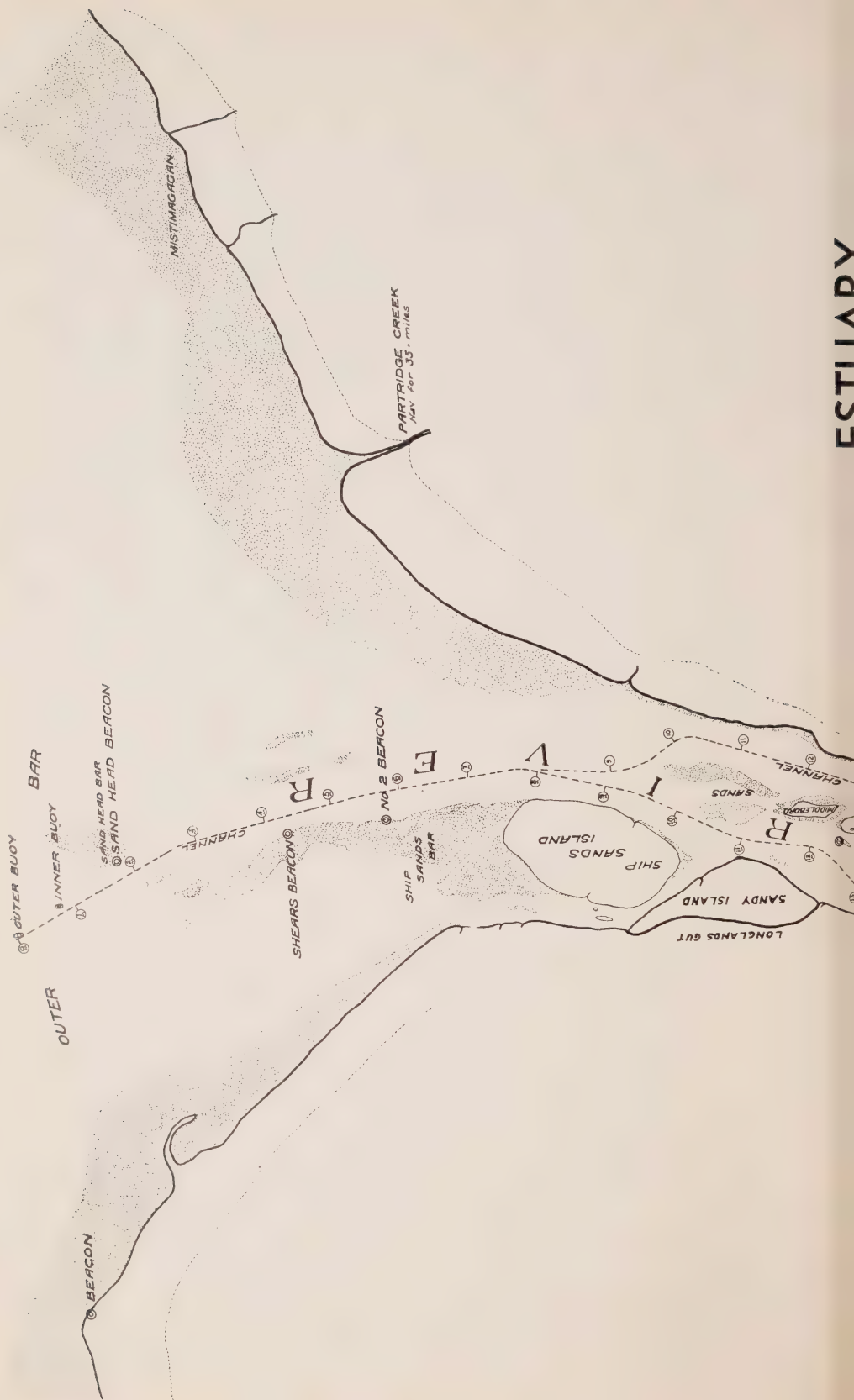
No systematic recording of tidal variations on the Moose River had been made prior to Mr. Ells' survey in 1911. Owing to lack of time and personnel for the work, the best that could be accomplished at that time was some intermittent gauge readings during parts of July and August which gave the following results:

Where Observed	Average Range of Neap Tides	Average Range of Spring Tides
Moose Factory	3.8 - 4.5 ft.	4.5 - 5.5 ft.
Head of Ship Sands	5.5 - 7.0 ft.	7.0 - 7.5 ft.
Outer Bar (estimated)	7.0 - 8.0 ft.	8.0 -10.0 ft.

He points out, however, that the rise and fall of tidal waters, especially in the case of river estuaries, may have a wide variation. Narrowing and widening of the channels, change in the direction and force of the wind, as well as changes in barometric pressure, are the chief influences to be reckoned with, of which wind is the most important factor. As a result, at the mouth of the Moose River, with a heavy northeast or north-north-east wind, the tide may rise through a range of six or seven feet with a subsequent fall possibly not exceeding two feet. It may be said that this would appear to indicate a safety factor for ships entering the estuary during periods of heavy on-shore winds. While the exceptionally high equinoctial tides which occur during September were not recorded, it was the general opinion among the residents that these tides, which may last for not more than two-three days, flooded Ship Sands Island to a depth of two-three feet. This would indicate a tide of approximately twelve feet at that point. Mr. Ells closes this phase of his report as follows: "Finally, the very great uniformity of the bottom, as indicated by the soundings, is a matter of no little satisfaction. There are no rips or other tidal currents due to an irregular bottom, and light canoes may navigate any part of the estuary at any stage of the tide in perfect safety".

While it was not possible for Mr. Ells to obtain any first-hand data on the situation created by spring floods, he studied such evidence as was available and questioned the inhabitants. The size and character of the trees along the banks and the extent of damage done to them by ice, as well as what he was told by local residents, led him to the conclusion that the effect of such floods, both in silting the river bed and in flooding the lands adjacent to the river had been rather over-estimated. Extreme high water in both channels of the river was chiefly due to ice jams and, to that extent, it was avoidable. Such blockades were of frequent occurrence and were accompanied by more serious results in the South Channel, presumably owing to the shallower water found there. Many of the low-lying islands on the south side of the river are submerged and Moose Island, in 1895, was under water to the extent of from three to five feet for several hours. He observes that "what is of still greater importance is the fact that the heavier water, naturally forced to the north side of the river, will tend to keep that channel open".

When ice blockades the North Channel (in the immediate area of Moosonee), the jamming occurs on either side of Butler Island and extends to Charles



Island. Both of these islands may have from one to two feet of water flowing over them for a period not exceeding three days. Below Butler Island, jamming did not appear to be a serious threat and Mr. Ells suggests that judicious use of blasting powder might correct the situation.

Since the question of silting is of primary importance, Mr. Ells is quoted verbatim—"Regarding the silting up of the channel and the formation of bars, it is asserted by some of the older pilots at the trading posts that while the South Channel is becoming shallower, the North Channel is, if anything, becoming deeper. It is difficult to say whether actual conditions justify such a statement. It would appear, however, that lacking further and more definite evidence, the difficulties implied by an unnaturally rapid silting up of the channel should not be over-estimated. There is no doubt that, to some extent continual change takes place in the size and shape of bars and shoals. Naturally, the ice forms more or less close to, and in some cases directly on, these bars and shoals, and hence any sediment brough down will tend to accumulate about the head and along the sides of such sheets of anchored ice. The use, if necessary of wing dams at one or two points would do much to prevent trouble from the above cause".

The spring break-up near the mouth of the Moose River takes place between April 20th and May 20th, an average being May 5th. In 1911, when Mr. Ells made his survey, canoes descended the Missinaibi and Moose Rivers from Old Brunswick Post, a distance of over 160 miles, and arrived at Moose Factory on April 30th. During the break-up, Fishing Tent Rapids serves to disintegrate large cakes of ice and few pieces fifteen feet across survive that passage. To quote directly—"In point of destructive force and in the tendency to form ice jams, the spring break-up on the Moose does not, apparently, compare with that which takes place every spring in Montreal, Quebec or a number of other Canadian river ports".

"Navigation on James Bay is said to open some time in June. From that time on until the end of October there is no hindrance to navigating James Bay, either in coast-wise trade or directly in and out of the Bay". It is to be noted that Mr. Ells here refers only to James Bay and does not intend to imply that Hudson Strait is open to navigation as early as June. It may be said that normally the Moose River itself would be open beyond the end of October and this would also be true of all ports around the Bay which are located in or near the estuaries of northern-flowing rivers, as is almost without exception the case.

Mr. Ells make no definite recommendation for the location of docks but does express a preference for sites on the North Channel, two of which are indicated on his plan at and below the present site of Moosonee.

As the materials to be encountered in dredging are of vital significance, it will be well once more to quote Mr. Ells verbatim—"Drilling with a view to determining the character of material underlying the entrance and river mouth was attempted on the Sand Head Bar. The rods used, however, proved inadequate to penetrate the stiff blackish clay encountered near the surface. The nearest rock in site that was observed was well bedded and undisturbed, more or less flaggy limestone having a slight dip towards the northwest. This limestone occurs on a point some twelve miles to the east of Sand Head Bar. Toward the southwest the nearest rock in place occurs near Fishing Tent Rapids, 24 miles up stream. To the west, Maidman's Creek shows no rock in place for a distance of at least six miles from its mouth. To the northeast it is said that no rock occurs for 50 miles from the Sand Head Bar. Thus, there seems no reason, lacking evidence to the contrary, to anticipate that rock will be encountered at any such depth as

would be called for either in deepening a channel through the shoal water at the mouth of the estuary or in excavating for any berths or shore approaches indicated on the plan. Scattered boulders, apparently of a size not exceeding three feet diameter are exposed on the flats at low tide, well to the east and west of the channel. Within a mile, however, of either side of the indicated channel, very few boulders are to be seen".

In the following year, 1912, Mr. J. G. McMillan was engaged to continue the investigation of conditions in the Moose River estuary. His report, published in 1913, confirms the conclusions arrived at by Mr. Ells and also supplements that report with additional data on the depths of water in the various channels at the mouth of the river and on tidal variations both before the break-up and during the course of the summer.

Mr. McMillan has this to say on the character of the channels in the estuary: "The soundings taken in the seventeen or eighteen miles of the estuary below the trading posts must be considered simply as supplementing those taken by Mr. Ells last year.

"The results of these soundings in the eleven miles of channel between the outer buoy and Sandy Island may be summarized as follows: four miles with from 6 to 12 feet at low water of spring tides, two and one-half miles with from 14 to 20 feet of water, three and one-half miles with from 18 to 25 feet of water and one mile with from 16 feet of water off the end of Middleboro Sands to 24 feet off the point of Sandy Island. The shoalest water occurs at the bar one mile inside of the outer buoy where with very low tides there is sometimes only six or seven feet. Between Ship Sands Bar and the bar on the opposite side of the channel from the Shears Beacon, the depth is increased to between 16 and 20 feet. Between this part and the wide part of Ship Sands it is again reduced to 14 feet. For nearly three miles opposite Ship Sands Island the depth varies between 20 and 25 feet. It was here off the middle of Ship Sands that the Hudson's Bay Company's ships anchored and discharged their cargo into smaller vessels in former years.

"The depth of water varies greatly with the width of the channel. Wherever the flow is confined within comparatively narrow limits by bars or islands, the depth is ample for such vessels as have hitherto used the mouth of the river, but, where it is not so confined, the channel will have to be deepened materially to secure a depth of three fathoms. The steamers now being used to carry goods to and from the depots on Strutton and Charlton Islands are not certain of coming in at low tide drawing 6 to 8 feet".

Despite this remark with reference to ships coming into the mouth of the river at low tide, he, elsewhere, states that records of ship arrivals and departures, over a period of 150 years, show that it is possible for a ship drawing fifteen feet of water to make use of the mouth of the river as a port of call but that, on an average, six or seven days would be lost in making both crossings of the bar.

Mr. McMillan gives a table of depths from the outer buoy to Sandy Island immediately above Ship Sands. This is of interest because it also includes a record of channel widths on the lines on which the soundings were made. These channels vary from 400 to 4000 feet, but in general the channel is in excess of 1000 feet in width. Mr. McMillan calls attention to the fact that as the width of the channel decreases, the depth becomes greater and draws the quite logical conclusion that remedial works in the form of embankments to restrict the width of the channel would be effective in creating and maintaining a channel of the desired depth. A specific recommendation is the construction of an embankment

to make Ships Sands continuous with a bar one mile in length extending to a point opposite Sand Head Beacon. Mr. McMillan, like other observers, is of the opinion that remedial works in the form of groynes might do much to improve the depth of water in the channel. These might be simple structures composed of willow mattresses carried to a point two or three feet above low water level. They would become silted into place and would form little obstruction to the ice during the break-up which is also a time of high water.

While Mr. McMillan agrees with Mr. Ells that rock is unlikely to be encountered in dredging operations, he does, as a possible source of building material, call attention to a deposit of limestone on Maidman's Creek about two miles from its mouth. This outcrop is exposed for half a mile along the shore and stands four feet above the water in places.

While not conclusive, his investigations tend to show that the bars and shoals are composed to a very great extent of sand and gravel. Deposits of clay in the more active sections of the river are of a transitory nature and the action of current and tides takes them out to deep water in the Bay.

The quite extensive tidal records made by Mr. McMillan in general confirm the conclusions reached by Mr. Ells and disclose nothing new which is of particular significance for this thesis. They do indicate that a ship entering or leaving the estuary will not encounter a current greater than two knots.

Attention has already been drawn to the desirability of some remedial works and a direct quotation from Mr. McMillan on this general subject may be of interest—"Mention has already been made of the depth in portions of the channel where it is confined to a width of less than a mile, considerable stretches having between three and four fathoms. The wider portions of the channel are unsatisfactory in depth. A comparison with other rivers in their natural state will give possibly a better conception of conditions here, than is to be gained from a list of soundings. The entrance to the south pass of the Mississippi was over a bar with only eight feet at low water, the shallowest in the Pass itself being 13 feet. That to the St. George's mouth of the Danube was over a bar with from 5½ to 8½ feet; Dublin Harbour was reached over a bar with only 6½ feet at low water of spring tides; the Clyde was so unsatisfactory that barges drawing 3 to 4 feet could reach Glasgow only on the top of a spring tide; the Thames has been improved from so early a period that its natural condition is practically unknown.

"The first real attempt to improve the Clyde was made in 1770. The report of Golborne, the engineer who convinced the magistrates that the river could be improved by contracting the channel by rubble jetties, is very interesting in this connection. It says regarding the principle to be followed—"the River Clyde is at present in a state of nature, and for want of due attention has been allowed to expend too much and has gained in breadth what is wanting in depth. I shall proceed on the principle of assisting Nature when she cannot do her own work, by removing the stones and hard gravel from the bottom of the river where it is shallow, and by contracting the channel where it is now too wide. By these means, easy and simple in themselves, without laying a restraint on nature, I humbly conceive that the River Clyde may be deepened so as to have four feet or perhaps five feet up to the Broomielaw at low water'.

"A study of conditions at the mouth of the Moose River indicates, that the first line of procedure in securing a deep water channel should be to develop a natural training wall on the south-east of the ship channel, similar to that formed

by Ship Sands Bar on the northwest side, so as to direct the low water current into one channel at the Sand Head. This would necessitate the closing of a gap of about half a mile in this bar itself below the Shears Beacon, the building of three sections to connect the shoals on the opposite side of the channel, and of training walls on both sides extending out from the Sand Head until the desired depth was attained. The first section connecting the south-east shore with the shoal opposite Ship Sands would be nearly a mile in length, across a very shallow channel with a depth of six feet at one point. The section to connect this shoal with the east shoal would be over two miles in length, across a channel of the same depth. The section between the east shoal and the Sand Head would be two miles in length and greatest depth nine feet. These walls should be built so as to close these gaps to the same height as the existing sands, which is nearly the half-tide level. Subsequently the channel could be brought to a more uniform width by building groynes out from these walls where it was necessary still further to increase the depth. Dredging operations could be made to materially assist the scouring induced by the concentration of the flow at the Sand Head, and the width assumed by the channel at this point could be taken as a guide for the ultimate form of the channel at other points".

It is notable that Mr. McMillan advocates the use of dredged materials, clay and boulders, in the construction of training walls and groynes. In his opinion if such works were to be raised to a level of two or three feet above low tide or to half-tide level, they may prove both effective and durable. This suggests that much of the dredged material may be disposed of to good advantage quite near the cut which should prove a measure of economy.

On December 8th, 1914, Mr. J. G. G. Kerry made a report which was based on the reports which have been dealt with in this thesis. It does not appear that Mr. Kerry actually visited the estuary of the Moose River but some of his comments are of interest as emphasizing some of the conclusions reached in the earlier reports.

He points out that Moose River Harbour will always be open for navigation before ice has moved out of the Bay and that ice will not form in the Bay until the river has frozen over. From this it will be seen that conditions within the harbour itself will be the governing factors which will control activities at the opening and closing of navigation. He also says—"It is not unreasonable to predict that the date for the closing of navigation on the Bay will precede the date of closing of navigation on the Great Lakes by at least a fortnight". As the latter date is usually December 6th, this prediction implies that navigation in the Bay will be feasible until about the end of the third week in November. It would be conservative, in view of existing records and recent experience, to place this date not later than November 15th. Some weight can be given to the fact that, unlike the past when wooden ships predominated, ships in the future operating in James and Hudson's Bays will be of steel construction and reinforced in the expectation that they will encounter ice.

Mr. Kerry compares Montreal and the Moose Rivers in the following paragraph—"Temperature records show that the climate of Moose Harbour is appreciably colder than that of Montreal and the somewhat favorable contrast of the open seasons in the two ports is due to the great length of the river that must be cleared of ice before Montreal can be reached in the spring, whereas Moose Harbour is directly on tide water.

"The conclusion may therefore be reached that Moose Harbour will be an open port for any traffic that will pass through Hudson Straits and that subject to further studies of the movement of the Bay ice, it will provide a terminal for

local and coastwise traffic not unreasonably comparable with Montreal as far as open season is concerned."

Mr. Kerry agrees that very little silting will occur at the outer bar and that any dredging that will be necessary as a yearly operation will be of a very minor nature. He also suggests that the deposition of silt brought down by the spring freshet, which is virtually the only silting that occurs, can be confined to deep water beyond the channel by the construction of training walls and jetties. He further suggests that the prospect of serious silting is so remote that the construction of regulating works should be left to the engineer who will have charge of the operation of the harbour after its construction.

Mr. Kerry suggests that the north channel, on which all are agreed the harbour should be located, could be improved and maintained by concentrating the flow of the river at ordinary stages almost entirely to this channel. This can be done at small expense by cutting off the flow into the south channel near Fishing Tent Rapids and by closing the various connecting channels and gutways between the two main channels with low timber cribs which will not materially obstruct the river during the annual spring flood but which at other times will confine the fresh water discharge of the river to the north channel.

Mr. Kerry's suggestion, which was mentioned briefly in one of the earlier reports, as to the construction of permanent docks for the the accommodation of grain elevators, ore docks and various mechanical appliances is of particular interest. It is that a still-water harbour be created between the north shore of the river and Butler and Little Duck Islands. This could ultimately mean a still-water basin over three miles long and more than a quarter of a mile in width. An embankment running the length of the two islands and from the upper end of Butler's Island diagonally to the north shore would afford a safe anchorage for ships during any recorded conditions of ice-jamming and freshet. This of course is an essential requirement if the Moosonee Harbour is to realize its maximum potential based on the length of the navigation season.

The adoption of this plan, which is now generally agreed to be the best so far devised, would require improvement in the north channel between Butler Island and Charles Island to compensate for the loss of channel capacity due to the construction of the still-water basin and to prevent the forming of ice jams in that area. This could well have the effect of reducing the danger of flooding throughout a large part of the estuary. As do all other observers, Mr. Kerry sees nothing in the movement of ice at Moosonee which has not been met with elsewhere and dealt with successfully.

In a letter dated December 4, 1914, Mr. Kerry makes the following recommendations some of which, in whole or in part, could be given effect today to good advantage:

- (1) The whole of the channels, of the islands and of the shores of the estuary to a depth of 200 feet from ordinary high water should be placed under the control of the Commission for harbour purposes, this reservation to extend from the Fishing Tent Rapids to the deep water in the Bay.
- (2) The lands along the north shore of the river from the outer end of Sandy Island to the mouth of Maidman's Creek and to a depth of one mile from the inshore boundary of the previous reservation should be placed under the control of the Commission for use as terminals and townsite.
- (3) The large area included in the limits of the reservation described in Item

(2) and lying to the northeast of the proposed townsite is recommended to be held as a desirable site for future large operations, particularly in metallurgical lines, the opinion of geologists being unanimous concerning the probability of mineral discoveries of importance being made along the shores of Hudson's Bay.

Under date of February 28, 1923, Mr. Kerry presented a memorandum to the Prime Minister of Ontario concerning extension of the Temiskaming and Northern Ontario Railway to Moose Factory. Some points in this memorandum are pertinent to this thesis and these are given verbatim.

FLOODS ON THE MOOSE RIVER

"These floods occur only when the ice is going out of the river in the spring and for a day or two they raise the water level in parts of the harbour by as much as 20 feet. The gradual settlement of the watershed has already resulted, in a period of ten years, in the partial cutting off of both the flood waters and the ice from fully one-third of the area draining through Moose Harbour. Further settlement will be followed by more effective control of both flood waters and ice and the main cause of the floods at Moose Factory is therefore rapidly becoming less serious.

"Surveys show that the ice sheet in the estuary is clean hard ice approximately 3 feet in thickness and without any underlying accumulations of mush ice. If business conditions would justify the expense, it would not be a difficult matter to break up the ice sheet in the estuary before the flood waters from the south arrive. This occasionally occurs under natural conditions. Much more serious ice conditions than those of Moose Harbour have been successfully dealt with in Montreal during the last thirty years.

SEASON OF NAVIGATION

"There is a consensus of opinion that navigation of the Bay by ships entering from the ocean through Hudson Straits is limited owing to ice conditions to the months of August, September and October. The more southerly rivers flowing into the Bay are open in the month of May and navigation of the Bay from interior harbours is possible from the end of May to the middle of November (i.e. for a period of five and a half months) except as interfered with by fields of floating ice in the Bay during the month of June.

"It is probable that difficulties from the ice floes can be largely removed by the maintenance of an effective intelligence service in the Bay area. The Bay is practically without aids to navigation at the present time and always has been without such aids.

RELATIVE LOCATION OF MOOSE HARBOUR

"Geographically this site is in no way remote. By rail it will be distant from Toronto about 670 miles or just twice the distance between Toronto and Montreal.

"As the crow flies, Moose Harbour is distant 520 miles from Quebec, 510 miles from Montreal, 530 miles from Toronto and 460 miles from Port Arthur, being roughly in the centre of an arc of a circle passing through the above points.

"So far as Southern Manitoba is concerned, Moose Harbour would probably furnish a more approachable shipping point for grain than would Port Nelson and one that would not be more distant from Winnipeg than Port Nelson is. There is, therefore, good reason to call on the Canadian Government to undertake the improvement of the harbour as a national undertaking".

The reports of Messrs. Ells, McMillan and Kerry are all in substantial agreement and supplement each other. On the basis of these reports, it is evident that it is entirely feasible to develop an ocean port at Moosonee at a very reasonable cost. Accepting this as a valid conclusion, it is suggested that the design should include the following minimum standards. The port should be approached by a dredged and otherwise improved channel to accommodate ships with a draught of 30 feet at low tide. This would make it an alternative port of call with Churchill and would permit the use of the port by ore carriers of the most economical tonnage. The harbour must be of a character to permit the safe wintering of a considerable fleet and dry-dock facilities for their maintenance and repair must be a feature of the installation. The harbour must be of a still-water basin type.

Although the reports on which these conclusions are based were completed more than forty years ago, no serious effort during that period was made to implement their recommendations. This is entirely understandable. An undertaking of the magnitude of the proposed port at Moosonee can only be justified if there is a reasonable prospect that the facilities it will afford will be utilized to an extent which would make the enterprise a profitable one in all its implications. That situation now exists with respect to Moosonee and it is a situation fully in accord with the primary function of Ontario Northland Railway as a development road. The possibilities for traffic in one commodity alone, iron ore, are sufficient to justify the most intensive study designed to lead to the establishment of a first-class port at Moosonee.

The iron ore deposits on the Belcher Islands, known for many years, have now been fully delineated and appraised. There are hundreds of millions of tons of good concentrating ore which can be mined by open pit methods. Inland from Great Whale on the south-east coast of Hudson's Bay and about equidistant from Moosonee there is another large deposit of similar ore and in addition still another deposit of great extent is being investigated at a short distance south of Fort George.

All of these deposits of ore can be treated by magnetic concentration. The Belcher Islands ore, in view of the lack of any source of power on the islands, could apparently be processed most economically at Moosonee, but, if desired, concentration could take place at the mines in each of the other cases, since hydro electric power in considerable volume can be generated in the immediate areas.

The volume of ore in each of these three deposits is to be counted in hundreds of millions of tons. Even if exploited on a vast scale, the question of depletion of the deposits is not a practical consideration. Certainly two centuries would not be sufficient to exhaust the deposits and beyond that period it is hardly necessary to gaze.

It was as a result of studying the documents on which the foregoing is based and his own knowledge of conditions at Moosonee and James Bay that Col. C. E. Reynolds, Chairman, issued a series of releases to the press designated to create public interest in the project of developing Moosonee as an ocean port in order to make possible the utilization of known mineral deposits farther north.

All the press releases and other information pertinent to the subject were brought to the attention of the Prime Minister of Ontario by the Chairman, and the Honourable Mr. Frost made two trips to Moosonee to study the situation at first hand. As a result, the Prime Minister became convinced that the development of Moosonee as an ocean port was of paramount importance to Ontario

and to the Canadian economy. Normally, a development of this type would be the responsibility of the Dominion Government but the Prime Minister of Ontario was not content to evade the issue on any such consideration.

In an interview with the press, he made these statements:

"Just look at the map of North America. Hudson and James Bays are like an arrow pointing right down into the heartland of the continent. It is simple to connect the unlimited Arctic resources to industrial Ontario. It doesn't require much imagination to realize that this is not a dream. We are blind if we don't see the facts. There is a railway right there to move anything. I'll build it myself rather than see it go by default".

Undoubtedly it is "a dandy vision" and the Honourable Mr. Frost is giving every encouragement to the preliminary investigations now under way. A contract has been let and will be carried out in the winter of 1959 to determine the nature of material in a number of bars in the river at and below Moosonee. If these prove to be composed of gravel, as seems probable, a big step will have been taken to make the vision a reality. A source of gravel at Moosonee, extensive enough to provide coarse aggregate for the concrete required in the project and to supply fill for the airstrip and other purposes, will mean a tremendous saving in construction costs and will augur well for an early beginning to the project.

A harbour at Moosonee serving smelters, grain elevators and a constantly-growing population in the misty regions of the north, can mean a 100 percent increase in traffic on Ontario Northland Railway, more and assured employment for railway workers and for many others, and a tremendous impetus to the commercial, industrial and agricultural life of Northern Ontario, to look no further afield. It is in the words of Ontario's Prime Minister, "A dandy vision".

In order that the record may be preserved, since the proposed development would be of vital interest to Ontario Northland Railway, the press releases as issued by the Chairman, are appended herewith in the following sequence—

- (I) Memo on the Significance of Moosonee with Respect to Northern Development
(Issued June 4th, 1958)
- (II) Memo re Building Permanent Airstrip at Moosonee.
(Issued July 24th, 1958)
- (III) Some Further Notes on Moosonee as an Ocean Port.
(Issued August 6th, 1958)

These releases met with a very favourable public reaction throughout Northern Ontario, since the people of the area were quick to appreciate the material benefits which would accrue to both urban and rural populations when Moosonee became a major ocean port. This interest was given expression by an invitation to Col. Reynolds to address the convention of Northern Ontario Associated Chambers of Commerce at Kapuskasing on Sunday, September 21st. A partial text of his address is attached as Appendix IV.

To fill in some further details of the situation at Moosonee on which the argument for a port is based, Appendix V is included. It is a greatly condensed version of a detailed and authoritative brief which was prepared by Mr. T. E. Moszkowski, who has an intimate knowledge of such air traffic as has moved in and out of Moosonee.

APPENDIX NO. I

MEMO ON THE SIGNIFICANCE OF MOOSONEE WITH RESPECT TO NORTHERN DEVELOPMENT

The Moosonee area on the Moose River near the southwestern tip of James Bay has been a port for small ships since 1673 when the Hudson's Bay Company established Moose Fort as a trading post. It was customary in the early days for these ships, which though small, were of considerable draught, to lie at anchor near the mouth of the river at what was known as Ship Hole. Cargoes were lightered from that point to the fort about fourteen miles up stream. With the extension of the Temiskaming and Northern Ontario Railway to Moosonee fourteen miles from the mouth of the river, the Hudson's Bay Company ships, all of small tonnage, loaded and discharged cargo at the railhead. In 1956, ships of much greater tonnage and up to nine feet in draught took on cargo at Moosonee. Depending entirely on its natural advantages, Moosonee has become a practicable rail to ship transfer point. With port facilities and remedial works, it could become an ocean port of prime importance.

Interest in Moosonee as a port is aroused at this time because of the very extensive deposits of iron ore which, during the last few years, have been outlined and evaluated on the Belcher Islands and inland a distance of 37 miles from Great Whale on the southwest coast of Hudson Bay. These deposits are now definitely known to contain hundreds of millions of tons of good concentrating ore ranging from 35% to 45% iron. While the Belchers have no source of power and would have to depend on imported fuel, the iron deposits in the Great Whale area have three potential sources of hydro-electric power within a radius of 22 miles. Neither location will present any great difficulty in establishing proper port facilities and Great Whale has a naturally well-protected harbour.

The advantages of a route through Moosonee for shipments to and from either of these points must be apparent to anyone at all familiar with James and Hudson Bays. At best the northern route through Hudson Strait is restricted to a three month navigation period. It has been proposed, in connection with the shipment of ore from the Belchers, that this short period might best be utilized by establishing stock piles of ore at some ice-free winter port, possibly in Greenland. While this may be feasible, it does involve the expense of two extra handlings of the ore as well as very extensive docks and ore handling facilities at the chosen port.

A route to the south through Moosonee, on the other hand, would normally be open to shipping for a period of five months and under much less hazardous conditions than on the northern route. Stockpiling, if desirable, to extend deliveries to destinations over the entire year, could readily be effected at Moosonee and without the expense of building docks for this sole purpose.

If this Canadian ore is to be shipped abroad to be smelted and manufactured for the benefit of a foreign country, there is little point in presenting the advantages of the southern route. If, however, the prevailing official and national opinion that Canadian ores should be processed for the benefit of Canada is to prevail, there is every argument in favour of the southern route.

Mining operations in remote areas can progress only if given transportation facilities which ensure prompt deliveries during the navigation season. Such deliveries could be made through Moosonee and by no other route. A return trip from Moosonee to the Belchers or to Great Whale could be made, with cargo in each direction within a week or ten days. From Montreal, by the all-water route, two round trips during the navigation season are all that could reas-

onably be expected. It might further be pointed out that perishable foodstuffs, greatly to be desired in northern latitudes, could readily be transported over the Moosonee route, whereas the all-water route would make this difficult and extremely expensive.

While the Moosonee route has the obvious advantages of a longer navigation season and time saving, it also presents unique opportunity for additional savings. With hydro-electric power available from existing and potential sites on the Abitibi River, conversion of low-grade iron ores to concentrates of 65% iron content could readily be carried out. By utilizing the natural gas, which will be available in Northern Ontario in 1958, this process might be carried a step further, by a lately-perfected process, to the production of pig iron directly from the ore. Such an advance would materially reduce the carrying charges over the railway portion of the route and at the same time establish a highly desirable industry with its consequent year-round employment in Northern Ontario.

It may be suggested that once the traffic in iron ore has been established, the route would be of considerable advantage to the promotion of the development of other mineral deposits in northern areas. It would prove a direct incentive for intensive prospecting and development over a wide area with alluring possibilities. It could also be utilized for the development of the extensive timber and pulpwood resources in the country on the east coast of James Bay and fisheries, if these should prove, as seems quite likely, to have commercial value.

So much for the advantages of this rail and water route from the awakening northland to the heart of industrial Canada. It may now be well to examine in more detail the feasibility of making Moosonee a practicable ocean port for the transfer of enormous quantities of water-borne traffic.

An examination, by E. C. Ells in 1911, of the Albany, the Harricanaw and the Moose River estuaries led to the conclusion that of these the Moose was greatly to be preferred for development of an ocean port. At that time the estuary and the river for 26 miles from its mouth were charted with a high degree of precision. Subsequent surveys supported Mr. Ells' opinion that the Moose had the makings of an ocean port.

From the mouth about fourteen miles below Moosonee to Fishing Tent Rapids about 12 miles above, the river has a congregation of islands which roughly divide it into two channels. The north channel on the Moosonee side takes a major part of the flow. This current has had the effect of maintaining a channel with a minimum depth of ten feet from Moosonee to the outer sandbar below Ship Sands. In general the channel is deeper and attains a depth of up to 24 feet. These depths were adjusted to conform with low tide levels. The normal tide has a variation of from five to seven feet between Moosonee and Ship Sands and nine feet at the outer bar. During the equinox and under the influence of high north winds, a tide of fifteen feet or more has been observed but tides of that magnitude occur rarely and briefly.

Tests of the material composing the river bottom show that a dredged channel with $1\frac{1}{2}$ to 1 lateral slopes would maintain itself. In the opinion of the engineers who have studied the situation, remedial works, of comparatively low cost, to divert a greater portion of the flow into the north channel would not only add somewhat to its depth but would also produce an effective scouring action which would obviate any danger of silting. Dredging to maintain a channel of sufficient depth at low tide would, in all probability be necessary only at and somewhat beyond the outer bar.

Because of the heavy ice which forms jams in the spring, it would not be practicable to build docks paralleling the river bank and in line with its face. In consequence the docks would have to be recessed to provide safe berths for ships throughout the winter. The river bank at Moosonee is elevated to a point beyond the level of flood water or excessive levels caused by ice jams.

Two locations have been suggested for the location of the port. These are at a point about six miles below Moosonee and in the neighborhood of Ship Sands. Before a final decision can be reached as to the most advantageous site, further intensive study of the situation will be required. There is however already sufficient well-informed opinion to justify the belief that Moosonee can, without undue expense, be converted into an efficient ocean port capable of handling a large volume of traffic. Ontario Northland Railway can in turn carry whatever traffic may develop.

C. E. REYNOLDS,

Chairman

Ontario Northland Transportation Commission

North Bay, Ontario,

June 4, 1958

APPENDIX II

MEMO RE BUILDING PERMANENT AIRSTRIP AT MOOSONEE

For some years it has been evident that a permanent airstrip at Moosonee, the northern terminus of the Ontario Northland Railway, would be a public asset of very real value. During the construction of the Mid-Canada Defence Line, thousands of tons of equipment, materials and supplies were flown from Moosonee to points on the Line both east and west of James Bay. This was possible only during the winter months when a temporary airstrip was formed on the snow. The alternative medium of winter transport was the snow train consisting of a tractor on cats drawing several goods sleighs and two additional sleighs as living and dining quarters for the crew. These trains did some good service under slow and hazardous conditions but, in comparison with the large transport planes used, were reminiscent of the ox teams and Red River carts of long ago. The planes, during the short periods when they could be used in two winters, fully demonstrated the advantages of this modern form of transport in the undeveloped area north of Moosonee. Railway extensions and additional sidings facilitated the movement.

The transport of freight by airplanes during the summer months has for some years been of considerable importance to all posts around James Bay but, with respect to volume, it has been of minor importance. Now, with defence lines and mining ventures to be serviced, the potential tonnage has increased enormously. Because of lack of facilities for and the cost of loading water-borne planes at Moosonee, little of this traffic is being handled from that port. Yet it is the logical starting point for aircraft flying north and, with proper facilities, it would be by far the most economic.

Point is given to the suggestion that an all-weather airstrip should be constructed at Moosonee by two considerations. It is the avowed and generally approved policy of the Dominion Government to promote the development of natural resources in Northern Canada. We have also been informed that the Department of National Defence is committed to the air transport of a large volume of supplies to various points north of Moosonee and that the cost of this might materially be reduced if there were an airstrip at Moosonee.

It is to be noted that return flights from Moosonee to many northern points could be made without refueling, which would not be possible for flights originating at Ottawa or Montreal. The shorter flights and the tendency to avoid depletion of stocks of aviation gasoline at northern points would result in very considerable economies.

The construction of an airstrip at Moosonee presents little physical difficulty. The area used for a winter airstrip has been grubbed out to ground level and it is quite large enough for planes other than jets. For jet planes, the field could be extended to any desired size without undue construction difficulties. In general the area is covered with not more than two feet of muskeg which could readily be removed and burned. Subsurface drainage and suitable filling material would complete the construction. A source of fill would have to be found as none is at present in sight. However, exploration along the railway might well disclose a gravel deposit into which a spur line could be run. There is also a possible source of fill at Moosonee itself. This is the large sandbar which is exposed at low tide immediately in front of the townsite. Even if this bar should be found to contain a considerable proportion of silt, a pumping operation to recover the sand for fill would probably effect a satisfactory separation of the sand and silt. If suitable material could be obtained from this source, it

would serve a double purpose in supplying fill for the airstrip and in improving navigation in the river at that point.

It is suggested that an airstrip at Moosonee, which could be constructed at comparatively small cost, while satisfying a present urgent need, might well initiate an enduring flow of traffic between industrial Canada and those parts of Northern Canada contiguous to James and Hudsons Bays. With the ultimate development of Moosonee as an ocean port, capable of serving ships of considerable tonnage and draught, a low-cost and frequent service could be promoted to these regions over a period of not less than five months during the year. This practicable route by water and rail, supplemented by an air service, could mean the development of the mineral resources in the area to their optimum extent within the confines of Canada rather than their dispersal as raw materials throughout the world.

It is suggested that immediate study should be made of all the factors involved in developing an airstrip and, indeed, a deep-water harbour at Moosonee. The cost would be comparatively small, the area to be served is vast and the route to be established would lead directly to the industrial heart of Canada.

C. E. REYNOLDS,

Chairman

Ontario Northland Transportation Commission

North Bay, Ontario,

July 24, 1958.

APPENDIX III

SOME FURTHER NOTES ON MOOSONEE AS AN OCEAN PORT

SILTING

The question of silting in connection with any discussion of harbour construction at Moosonee must be of interest. The consensus appears to be that little annual silting takes place at the bar beyond the river mouth. Under normal conditions, it has been shown by test, the Moose River carries very little suspended matter and "it is only during the spring break-up that the ice and the accompanying freshets carry considerable quantities of silt materials down on to the various bars and shoals in the estuary. This material is subsequently carried off by the daily action of the tides and currents to the building up of the entrance bars".

The report, made by Kerry & Chace in 1914, also states that "there is evidence that the natural features at the entrance change but little from year to year and that the amount of silt and gravel which the river contributes annually to the growth of the bar is quite small".

A study of the Moose River between Moosonee and Fishing Tent Rapids and also at Moose River Crossing would seem to indicate that at these points at least little or no silt originates. The river bed is composed of material ranging from coarse gravel to large boulders. Observations made over more than 200 miles of the Missinaibi River down stream from the headwaters fifty years ago led to the conclusion that, even at the height of the spring freshet, little or no silt was carried by that tributary of the Moose. Is it not a possibility that the silting phase of the Moose and its tributaries is past and that all of these rivers have now cut their channels to their ultimate depths? This is, of course, a matter for expert judgement but, if it should prove to be true, the silting materials now being deposited at the outer entrance of the estuary must originate to a very great extent from the bars and shoals which are everywhere present except in the main channels from Moosonee down to the mouth.

This suggests the possibility that the silting might appreciably be checked by utilizing some of the material in the bars as fill for an airfield at Moosonee and for any other filling which may be required in connection with the extension of the railway yards or other construction work. It is to be noted that Mr. Kerry advocates the use of a suction dredge for this purpose, an indication that, in his opinion, the material in the bars is suitable for fill.

The report goes on to say "it is not considered that the total amount of this material (silt deposited on the outer bar) is sufficient to annually create a serious obstruction, although the entrance channel will undoubtedly require to be tested and if necessary cleaned out each year after the spring break-up. This is neither a difficult nor an expensive process but is particularly necessary in the present case because there are large numbers of boulders scattered over the tidal flats in the Bay and some of these may be dumped into the channel by ice action in any winter".

LOCATION AND CONSTRUCTION OF THE HARBOUR

An interesting suggestion is contained in the Kerry and Chace report of 1914 for the construction of a modern harbour with permanent works such as ore docks, grain elevators and other mechanical loading and unloading appliances. The plan would be to turn the north channel from the head of Butler's Island to the lower end of Little Duck Island into a still water harbour. It is suggested that this could be accomplished at comparatively small cost by diverting the flow to the south side of these islands and by constructing on them an earth dike to

an elevation above extreme high water stage. In Mr. Kerry's opinion, the additional flow diverted to the south of the islands would make sufficient channel space without the necessity of dredging. The terminal harbour thus created would be comparable to the Windmill Point Basin at Montreal but of considerably greater size, since the Moosonee Basin might be over three miles long and over a quarter of a mile in width.

The implication of the ore docks is obvious but the suggestion of grain elevators is particularly interesting as evidence that the port is not as remote from the commercial life of the country as the popular fancy paints. In 1923, it was suggested that Moosonee would probably furnish a more approachable shipping point for grain than would Port Nelson and one that would not be more distant from Winnipeg than Port Nelson is. Today it may confidently be said that Moosonee is much nearer to Winnipeg than Churchill is. It could make a valuable outlet for export grain from all of southern Manitoba and also from Northern Ontario when wheat growing attains a major status, as one day it will.

C. E. REYNOLDS,

Chairman

Ontario Northland Transportation Commission

North Bay, Ontario,

July 24, 1958.

APPENDIX IV

Partial text of Address by Col. C. E. Reynolds before Convention of Northern Ontario Associated Chambers of Commerce at Kapuskasing, Ontario, September 21st, 1958.

It is quite feasible to construct a harbour at Moosonee capable of accommodating vessels of very considerable draught and of affording safe berths throughout the winter and during the break-up in the spring. Montreal is such a harbour today and yet the early conditions at Montreal with regard to a navigable channel and ice conditions were even less inviting than those at Moosonee. The first docks constructed at Montreal were subject to being buried by ice jams at break-up. In consequence, all buildings and unloading devices were removed from the docks at the close of navigation. This is no longer necessary but ice jams still constitute a major threat and ice breakers are constantly on the alert to prevent dangerous accumulations.

Montreal is one of the great ports of the world but this is so, not because of its natural advantages but because it is economical to spend a vast amount of money to bring ships that far inland. During the shipping season dredges are constantly at work between Montreal and Quebec. A deep-water channel must be maintained. If this were neglected for a season, ocean shipping would come no further up the river than Quebec. Perhaps because Moosonee is still remote for most of us, we are inclined to magnify the difficulties involved in converting it into an ocean port.

On good engineering authority, the ice situation at Moosonee is less difficult than at Montreal. The same engineers, all of whom have studied the Moose River at first hand, and over a considerable number of years, are agreed that the dredging necessary to maintain a shipping channel is a minor matter.

Those of you who have sailed up the Clyde to Glasgow will agree that that river, alive with shipping as it is, is a readily navigable stream. Yet the Clyde was not always so. Remedial works designed to create a scouring effect keep the channel free of silt. Precisely the same sort of thing can be done in the Moose River below Moosonee at slight expense. The channel to be created at Moosonee is no more than fifteen miles in length, a shorter distance than from Glasgow to Greenock and very much shorter than from Montreal to deep water near Quebec.

All the investigations which have been made to date indicate that there would be no serious difficulties in constructing and maintaining an ocean port for shipping of the type which may be expected in the Great Lakes on completion of the St. Lawrence Seaway. The most difficult problem to solve will be construction of a harbour which will afford safe wintering berths for a considerable tonnage of shipping.

Docks from which all structures would have to be removed at the close of navigation so that accumulations of ice could pass over them without causing damage would not do for Moosonee. Such docks could provide no protection for ships and ships must be wintered at Moosonee in order to take full advantage of the longer navigation season for shipping based on Moosonee than for craft which must enter the Bay through Hudson Strait. It is this season of at least five months and possibly six, together with its strategic location, which makes a port at Moosonee of such importance as a factor in the development of the coastal areas of James and Hudson Bays and of their islands.

Fortunately there are alternative methods of construction just as there are alternative sites. At the moment and until further surveys and intensive studies have been made, this question should be approached with an open mind. There is however one plan for a still-water harbour which has great appeal. This is to use two islands about 500 yards off the Moosonee shore as the basis for an embankment which would be extended up stream at a slight angle to the mainland to enclose a basin one quarter mile in width and possibly as much as three miles long. Entirely free from ice jams and freshets, such a basin would give protection to a fleet and the current would be directed to a channel beyond the islands, for which the river has ample space.

Something resembling the age-old question of whether the egg or the chicken came first arises when considering Moosonee as an ocean port. Should the port come before the traffic or should construction be held back until traffic had been built up to warrant the expense. The latter view, it seems to me, is purely defeatist. How long would the development of Northeastern Ontario have been delayed if the T. & N. O. had not been built as an act of faith? All in this room know that the railway had to come first and I am convinced that the port must come to Moosonee before the traffic. The port will be the funnel through which traffic will flow and until that funnel is provided the traffic will be held back or, by necessity, it will seek the long and costly way round. To establish a traffic route from Toronto, for instance, to the Belcher Islands by way of the Seaway, the St. Lawrence, Atlantic Ocean and Hudson Strait, might involve a considerable investment and once established it would not lightly be relinquished. This instance might be one of several. Thus if ore from the Belchers or Great Whale were to find an outlet through the Strait to Europe, it would be logical and economical for equipment and supplies to follow the same route in the reverse direction. For lack of a port at Moosonee, a great wealth of iron might be lost to Canada and not even the expense of taking it out could be expressed in terms of Canadian equipment, supplies and food.

How different might the situation be if Moosonee should be developed as a port with a supplementary airfield before traffic lanes become rigidly established. As it is there is a considerable volume of traffic moving to the north by air which, more economically could move through Moosonee by air or water. The Mid-Canada Line to the east and west of Hudson Bay is a large consumer, but, for lack of an airfield at Moosonee all of this material must now make much longer flights. Not only is this northbound traffic ruinously expensive but some of it consists of gas and oil flown in to refuel southbound planes. From Moosonee, many of these round trips could be made without refueling.

To a very great extent, traffic to the Belchers and to Great Whale is by air, although, with port facilities at Moosonee most of this movement might be by water at a very great reduction in the cost. If and when these great ore deposits come to the production stage, Moosonee as a port could really show its worth. At Great Whale there is prospect of 37 miles of standard gauge railway, three hydro-electric power stations and mill buildings to construct. With water transport out of Moosonee, all of these could be built expeditiously and at reasonable cost.

And who is to say that the Belchers and Great Whale will be the sum total of discovery and development. No Northerner certainly. It is easy to envision a dozen others and a volume of northbound traffic which alone would justify a port. What would this mean to Northern Ontario? With a rapid service such as could be given out of Moosonee, fresh vegetables, eggs, butter, meat and other products of the soil would go in on every ship. It would not only

mean a better way of living throughout the new mining areas of the north but it would also mean money in the pockets of producers here at Kapuskasing and all the way down to New Liskeard.

It would mean as well the greatest incentive for industrial development the Northland could ever have. At present markets for local industrial products are largely local or in the highly industrialized and competitive South. With large mining developments around the Bay, a large new market would be in existence with Northern Ontario in an extremely strategic position as a supplier. Machine shops, foundries, woodworking plants and diamond drillers, to name only a few, would have competitive advantages which could not fail to bring business to their doorsteps. I can see a great broadening of activity in every one of our established industries and new ones coming in to being with Moosonee as an ocean port.

I have been speaking of northbound traffic only because much of this would originate in Northern Ontario and so is of particular interest to this audience. I have dealt with it as well because I am convinced that the construction of a port at Moosonee would be justified in the beginning by reason of this traffic alone. However, with the port established, I do not think that I am being visionary when I believe that the traffic southbound would soon far outweigh the northward stream.

While not wishing to appear all-wise, I would like to suggest that the Moosonee route for shipment of ore has much to commend it. Consider Belcher Islands ore. This ore runs about 35% to 40% iron. If shipped by the northern route, it would first have to be concentrated since it could hardly bear the charges of transport to European, Canadian or U.S. steel plants as untreated ore. There is no source of power or fuel on the Belcher Islands. The concentrating process will take a huge amount of fuel, and fuel delivered to the Belchers will be expensive. Because of the short navigation season through the Strait, the number of ships required to move the large volume of concentrates contemplated will be very considerable and, if the plans for Ungava are any criterion, they will stockpile much of the output at some year-round port on the Greenland coast. This will require substantial docks and unloading facilities with two extra handlings of the product. The time required for a round trip, Belchers to Greenland will probably be three times as great as for the round trip Belchers to Moosonee.

If shipping by Moosonee, is it not possible that the economical procedure would be to ship raw ore. Considering the much shorter turn-around, a vastly greater tonnage of iron could be transported in the form of ore to Moosonee than in the form of concentrates to Greenland and iron is the payload in either case. At Moosonee, the extra unloading and loading would be eliminated and the only fuel which would move north through the port to the Belchers would be that required for mining and for domestic uses. Hydro-electric power and gas could both readily be supplied at Moosonee and the concentration there could be effected for a fraction of the cost at the Belcher Islands. With some modifications, this reasoning might logically apply to other mining ventures in the North.

It is my firm conviction that a harbour should be constructed at Moosonee and at once. It should be designed in such a way that ultimately, it would have space and trackage for both ore and coal docks. Provision should be made for a grain elevator, since the time is not far distant when Northern Ontario will be producing wheat for export. Already, it may be said, an elevator at Moosonee would be on a competitive basis with Churchill for grain produced in Southern Manitoba. It is not enough to think of the port of Moosonee only in terms of

ore, coal and grain. Oil tankers will berth there and package freight of every description will be going in and out. Development means people. It is necessary only to think for a moment of the thriving towns which have grown up in Northern Ontario as the result of mining activities to have some conception of what may be expected in the mining centres of the future around James and Hudson Bays. We are on the threshold of great new things and the faith that built Northern Ontario must be revived to push our frontier still further north.

APPENDIX V

Condensed Summary of Brief by T. E. Moszkowski on need for a Permanent Airstrip at Moosonee

The brief has been studied and, while there is some misuse of English, at no time is it so obscure as to confuse the meaning. The brief is tightly written and contains a great deal of pertinent information. In consequence it does not readily lend itself to condensation. Rather an attempt will be made to call attention to various phases of the brief so that each may be an argument in favour of the construction of an airstrip at Moosonee and at other points on James and Hudson Bays.

PRESENT AIR SERVICE

Austin Airways Limited provides a service between Moosonee and all settled points on James and Hudson Bays from Fort Severn on the southwest coast of Hudson Bay to Provungnutuk on the east coast of Hudson Bay. Since Winisk on the west coast and Great Whale on the east coast are the only points having permanent airfields, the service is carried out with Norseman planes using floats in summer and skis in winter. This service is subject to inactivity during the freeze-up and break-up periods. The permanent airfields at Winisk and Great Whale can be used by planes based on Moosonee only during a few months in the winter when an airstrip on the snow can be maintained at Moosonee.

It is obvious that under existing conditions the air service out of Moosonee cannot be developed as a major freight service and at best can only supplement water-borne traffic or air lifts from more remote points; this despite the fact that Moosonee is by many miles the closest point to the objectives mentioned above.

The fact that the planes are grounded because of the freeze-up and break-up periods for from three to four months throughout the year has a considerable impact on the rate structure. The burden of idle planes and personnel must be borne by the flights during the remainder of the year.

EFFECT ON RATES OF A PERMANENT AIRFIELD AT MOOSONEE

The rate structure will be conditioned on the following considerations:

- (1) The possibility of all-year-round flying.
- (2) The introduction of larger and more economical types of aircraft, and
- (3) The elimination of idleness of personnel and equipment.

The present rates, while justifiable under the conditions which govern the service, will be seen to be prohibitive for ordinary commodities used by individual inhabitants from the following examples: The freight rate to Fort George is 25c per pound and to Port Harrison it is 60c per pound. When applied to a 1½ pound loaf of bread the following prices result: at Moosonee 22c, at Fort George 60c and at Port Harrison \$1.12. For a 75 pound bag of potatoes the prices would be—Moosonee \$4.40, Fort George \$23.15 and Port Harrison \$49.40.

The construction of year-round airstrips at Moosonee and at the principal ports of call around James and Hudson Bays which would permit the use of aircraft weighing up to 35,000 pounds would materially reduce these rates. Such planes would also encourage tourist traffic which, from ample evidence at hand, could be built into a highly profitable operation.

MOOSONEE AS A STRATEGIC LOCATION FOR AN AIRPORT

Moosonee is the northern railhead of Ontario Northland Railway which, with C.N.R. connections, forms a direct link between James Bay and the heart of industrial Canada. Moosonee is at almost the halfway mark between the line of existing airfields at Val d'Or, Timmins, Kapuskasing and Nakina and the Mid-Canada Line airfields located at Great Whale, Bear Island, Winisk and other radar sites. As compared with these airfields, flights from Moosonee would save from 400 to almost 600 miles on round trips to Mid-Canada Line radar sites. Moosonee would also afford an emergency landing field for aircraft in distress on Montreal-Churchill or other long northern flights.

The winter airstrip at Moosonee, which could readily be converted into an all-weather airstrip, is conveniently located with respect to rail facilities so that the problem of transfer of freight from rail to air is reduced to a minimum. As an instance of this, fuel oil was pumped directly from tank cars to tanker planes, when 200,000 gallons, a year's supply, was flown in to Fort Albany.

This airstrip, which has been used during three consecutive winters, has been provided by Austin Airways with radio communication, radio beacon, gasoline supply, warehousing, electric power, night landing lights, etc. The Department of Transport at Moosonee operates a radio sonde weather station which might be converted without great difficulty into a radio range for use by military and civil aviation.

To construct an all-weather airstrip at Moosonee, it would be necessary only to remove from the winter strip the top layer of muskeg, approximately two feet in depth, and replace it with gravel, with some provision for surface drainage. Gravelled strips at some other points around the bays could be constructed in similar fashion with gravel already at the sites.

Comparison of Payloads for Various Types of Aircraft

Type of Aircraft	Payload in pounds for distance of:			
	100 miles	200 miles	300 miles	500 miles
Norseman	1500	1400*	1400*	1400*
DC 3 — on wheels	7400	6800	6400	5350‡
on skis	6400	5800	5400	4250‡
PBY—5	7400	6800	6400	5640

*—With refueling en route and 2 man crew.

‡—These payloads could be increased to 6600 and 5600 pounds, respectively, in case refueling for the return flight is made possible.

Comparison of Tariff Charges Under Present Charter Rates

Flight from Moosonee to:	Distance in miles	Present Charter rates (2) for round Flight			
		DC-3			
		Norseman	Wheels	Skis	PBY-5
Fort Albany	90	135.00	198.00	225.00	288.00
Attawapiskat	150	225.00	330.00	375.00	480.00
Winisk	350	525.00	770.00	875.00	1120.00
Fort Severn	460	690.00	1012.00	1150.00	1472.00
Rupert's House	85	127.50	187.00	212.50	272.00
Fort George	207/225(1)	337.50	440.00	500.00	640.00
Great Whale	305/330	505.50	702.50	762.50	997.00
Port Harrison	512/625	977.50	1220.00	1280.00	1780.00

(1) Twin engine/single engine — for security reasons single engine aircraft have to fly within gliding distance of the coast.

(2) Taking into consideration the zone differentiations allowed by tariffs.

By correlating the above tables, it becomes obvious that the larger aircraft are much more economical and that their use on a year-round basis would prove a very potent factor in serving the country to the north and developing it. Their use however, on a sustained basis, will be possible only when adequate airfields have been constructed.

CONCLUSION

While it is impossible to foretell to what extent northern development will be stimulated by provision for use of wheeled aircraft, it is a step which will have to precede the opening of the country on any grand scale. In more settled parts of Canada, the people demand as a right that many millions of dollars be invested in an intricate system of highways. To serve Northern Canada by highway would be fantastically expensive but people who live beyond the economic radius of highway building must be served. This can be done by the construction of airstrips a mile or so in length and about two hundred feet wide. These could be built for a small fraction of the cost of highways and their year-round maintenance would present little difficulty. Considering the potential benefits, the cost would be small indeed.

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FIFTY-NINTH ANNUAL REPORT

OF THE

**Ontario. Northland Transportation
Commission**

PROVINCE OF ONTARIO

Honourable Leslie M. Frost, Q.C., Prime Minister

For the Year Ended
DECEMBER 31, 1959

PRINTED by ORDER of
THE LEGISLATIVE ASSEMBLY OF ONTARIO



TORONTO

Printed and Published by Baptist Johnston, Printer to the Queen's
Most Excellent Majesty, 1960

FIFTY-NINTH ANNUAL REPORT
OF THE
**Ontario Northland Transportation
Commission**

ONTARIO GOVERNMENT RAILWAY

Honourable Leslie M. Frost, Q.C., Prime Minister

For the Year Ended
DECEMBER 31, 1959

PRINTED by ORDER of
THE LEGISLATIVE ASSEMBLY OF ONTARIO
Sessional Paper No. 46, 1960



TORONTO

Printed and Published by Baptist Johnston, Printer to the Queen's
Most Excellent Majesty, 1960

TO THE HONOURABLE JOHN KEILLER MACKAY,

Lieutenant Governor, The Province of Ontario

MAY IT PLEASE YOUR HONOUR:

The undersigned has the honour of
presenting herewith the Fifty-Ninth Annual
Report of the Ontario Northland Transportation
Commission for the year ended December
31st, 1959.

Respectfully submitted,

HON. MACKINNON PHILLIPS,

Provincial Secretary.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Hon. Mackinnon Phillips,
Provincial Secretary,
Parliament Buildings,
Toronto, Ontario.

Sir:

In conformity with Section 41 of The Ontario Northland Transportation Commission Act, Chapter 264, Revised Statutes of Ontario, 1950, I have the honour of submitting the Fifty-Ninth Annual Report of the Ontario Northland Transportation Commission for the year ended December 31st, 1959.

All of which is respectfully submitted.

C. E. REYNOLDS,
Chairman

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

COL. C. E. REYNOLDS, D.S.O., M.C.	Chairman	North Bay
A. R. HERBERT, M.P.P.	Vice-Chairman	Cobalt
W. A. JOHNSTON, M.P.P.	Commissioner	South River
REGINALD A. AUBERT	Commissioner	Englehart
ROBERT S. POTTER	Commissioner	Matheson

PRINCIPAL OFFICERS

A. JARDINE	General Manager	North Bay
T. D. SAUNDERS	Chief Engineer	North Bay
J. W. MILLAR	Chief Mechanical Officer	North Bay
H. R. McCLEARY	Superintendent	Englehart
R. P. C. McLEOD	Traffic Manager	North Bay
H. H. PHILLIPS	General Freight & Passenger Agent	North Bay
A. A. HANSMAN	Comptroller	North Bay
E. W. LIDKEA	Auditor of Disbursements	North Bay
H. W. STUCKEY	Auditor of Revenues	North Bay
L. R. HUME	Purchasing Agent	North Bay
E. A. FRITH	Manager of Communications	North Bay
J. BRISBANE	Treasurer	North Bay
R. J. SAYER	Superintendent of Transportation	North Bay
S. W. GOWAN	Secretary	North Bay

ONTARIO NORTHLAND RAILWAY

North Bay, Ontario,
February 16th, 1960.

Col C. E. Reynolds, D.S.O., M.C.,
Chairman.

Dear Sir:

The following report for fiscal year ended December 31, 1959, is respectfully submitted—

	1959	1958	Increase or Decrease
Earnings and Expenses			
Total Revenues	15,032,642.00	15,204,416.00	171,774.00 (d)
Total Expenses	14,396,326.00	14,290,482.00	105,844.00 (j)
Net Earnings to Surplus	636,316.00	913,934.00	277,618.00 (d)
Revenue by Classes of Service			
Freight	10,600,513.00	10,957,997.00	357,484.00 (d)
Passenger	804,464.00	798,093.00	6,371.00 (i)
Express	324,935.00	335,538.00	10,603.00 (d)
Communications	2,572,032.00	2,437,390.00	134,642.00 (i)
Other	730,698.00	675,398.00	55,300.00 (i)
	15,032,642.00	15,204,416.00	171,774.00 (d)

A decline in freight revenues of \$357,484.00 and increased expenses amounting to \$105,844.00 resulted in a less favourable earnings position than in 1958. The full effect of these two factors was eased somewhat by an increase in communications revenue of \$134,642.00 and in miscellaneous revenue of \$55,300.00. The net result is a decrease in net earnings for the year 1959 as compared with year 1958 of \$277,618.00. In classes of service other than those mentioned, the fluctuations were minor.

Financial

Maturing debentures in amount of \$1,234,000.00 were retired in 1959. Temporary borrowing was increased by \$500,000.00 leaving a net improvement in our debt position of \$734,000.00. All interest payments were met in full.

Employer-Employee Relationship

The wage settlement made with the Non-Operating employees in 1958 became fully effective with application of the final three percent (3%) increase on April 1, 1959.

Notices were served by the Non-Operating Organizations late in 1959 of their desire to further increase wage rates effective January 1, 1960, by seven percent (7%) and twelve and one-half cents (12½c) per hour. Certain changes in working conditions have also been requested.

Agreements have been concluded with Locomotive Engineers and Locomotive Firemen (Helpers) providing for increased rates of pay and changes in working conditions. Agreement with the Firemen provided for the gradual elimination of Firemen in freight and yard services. Negotiations are in progress with the Conductors and Brakemen.

General

- (a) Automatic block signals were completed to Bourkes, making a total of approximately 184 miles now in operation.
- (b) Four miles of rock ballasting were completed in 1959, bringing the total to date to fifty-three miles.
- (c) Construction of new boiler plant at Cochrane was commenced this year and it is anticipated the plant will be in operation early in 1960. Natural gas is to be used as fuel.
- (d) Diesel service shop at Rouyn was completed and placed in service in 1959. A number of improvements were also made in respect to yard tracks and other terminal facilities.
- (e) Three stainless steel used coaches were purchased from the Bangor and Aroostook Railroad. Two have been completely overhauled and renovated in our own shop and placed in service and the third will be ready early in 1960.
- (f) Delivery of a steam generator car is expected in the first quarter of 1960 for use chiefly in heating passenger equipment on the Island Falls Subdivision, replacing Baker heaters.
- (g) Five second hand steel coaches were converted into boarding cars, making a total of fourteen such cars converted in the last few years.

Prospective

With large scale movement of iron ore from this territory, possible within two or three years and with the development of Moosonee as a harbour capable of handling large ships, the long term prospects for the railway appear bright. The situation over the next few years however, is cause for some concern inasmuch as there does not appear to be sufficient new business in sight to maintain traffic at the levels obtaining over the past several years.

Some business is being lost to other forms of transportation. Private automobiles are handling an increasing percentage of passenger traffic formerly moving by train and highway transport is taking a portion of the freight business, particularly less than carload shipments. Construction of the gas pipe line through this area also adversely affected the railway through loss of coal traffic.

With operating costs continuing to rise as a result of rising material prices and wage demands of the employees, it is becoming increasingly imperative that every possible economy be effected in order to keep expenditures within the available revenue.

Yours truly,

A. JARDINE,

General Manager.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Balance Sheet as at December 31, 1959

ASSETS

INVESTMENTS

Road	\$53,536,663.56		
Leased Property—Improvements	2,945,071.49		
Miscellaneous	408,634.80		
	<u>56,890,369.85</u>		
Less—Accumulated Depreciation	9,067,979.16	\$47,822,390.69	
Equipment	22,377,295.90		
Floating Equipment	410,823.65		
	<u>22,788,119.55</u>		
Less—Accumulated Depreciation	8,329,916.07	14,458,203.48	
Investment in Wholly Owned Subsidiary—			
Nipissing Central Railway	4,943,363.00		
Less—Retirement Reserve	674,375.71	4,268,987.29	\$66,549,581.46
			<u></u>

CURRENT ASSETS

Cash in Bank	\$ 175,893.64		
Agents' and Conductors' Balances	884,125.98		
Accounts Receivable	391,602.77		
Traffic Balances	76,797.61		
Material and Supplies	2,213,010.17		
Other Assets	9,218.21		3,750,648.38
			<u></u>

DEFERRED ASSETS

Pension Fund	7,103,355.87		
Fire Insurance Fund	264,628.52		
Health and Welfare Fund	6,101.80		7,374,086.19
			<u></u>

UNADJUSTED DEBITS

Ballast Pits	37,360.36		
Other Unadjusted Debits	29,450.00		66,810.36
			<u></u>
			<u>\$77,741,126.39</u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Balance Sheet as at December 31, 1959

LIABILITIES

LOAN FROM PROVINCE OF ONTARIO

Loan without Interest	\$30,207,934.92
-----------------------------	-----------------

LONG TERM DEBT

Instalment Debentures 4% 1960-1968—		
Payable in Canadian or U.S. Funds		
Guaranteed by Province of Ontario ..	\$2,547,000.00	
Less—Included in Current Liabilities	244,000.00	\$2,303,000.00
Instalment Debentures 4% 1960-1962—		
Payable in Canadian Funds		
Guaranteed by Province of Ontario ..	1,500,000.00	
Less—Included in Current Liabilities ..	500,000.00	1,000,000.00
Debentures 4 1/4% 1968—		
Payable in Canadian Funds		
Guaranteed by Province of Ontario	5,500,000.00	
Mortgage Payable—Main Street Property 1960-1962	4,246.16	8,807,246.16

CURRENT LIABILITIES

Instalment Debentures due in 1960	744,000.00	
Demand Loan Guaranteed by Province Ontario—5 3/4% ..	1,100,000.00	
Demand Loan from Province of Ontario—5 3/4%	2,000,000.00	
Accounts, Wages and Salaries	1,088,279.58	
Traffic Balances	145,654.69	
Debenture Interest	77,629.15	
Other	8,966.00	5,164,529.42

DEFERRED LIABILITIES

Pension Fund Reserve	\$7,103,355.87	
Fire Insurance Fund Reserve	264,628.52	
Health and Welfare Fund Reserve	6,101.80	\$ 7,374,086.19

UNADJUSTED CREDITS

Fidelity Insurance Reserve	3,610.43	
Other Unadjusted Credits	121,974.17	125,584.60

RETAINED INCOME

26,061,745.10
<u>\$77,741,126.39</u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

RETAINED INCOME ACCOUNT

For Year Ending December 31, 1959

Balance—December 31, 1958		\$25,479,897.96
Add—		
Net Income for the year ended		
December 31st, 1959	\$ 636,316.68	
Sundry Net Credits	9,268.12	645,584.80
		<u>26,125,482.76</u>
Deduct—		
Retirement of Obsolete Steam Locomotive		
and other Repair Parts	51,018.14	
Sundry Net Debits	12,719.52	63,737.66
Balance—December 31, 1959		<u><u>\$26,061,745.10</u></u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

AUDITOR'S CERTIFICATE

I have audited the books, records and accounts of the Ontario Northland Transportation Commission for the year ended December 31, 1959.

Subject to my report of this date attached, I certify that, in my opinion, the above Balance Sheet and related Income Statement and Retained Income Account are properly drawn up so as to present fairly the financial position of the Commission at December 31, 1959, and the results of its operations for the year then ended and as shown by the books of the Commission.

(Signed) H. A. COTNAM, F.C.A.

Provincial Auditor

Toronto, Ontario,
March 14, 1960.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

INCOME STATEMENT

For the Year Ended December 31, 1959

With Comparative Figures for Year Ended December 31, 1958

	Year Ended Dec. 31, 1959	Year Ended Dec. 31, 1958
OPERATING INCOME		
Railway Operating Revenues	\$ 15,031,332.24	\$ 15,203,167.15
Railway Operating Expenses	13,804,473.47	13,723,890.73
Net Operating Revenue	1,226,858.77	1,479,276.42
 NON-OPERATING INCOME		
Miscellaneous Income	1,310.48	1,248.84
	<u>1,228,169.25</u>	<u>1,480,525.26</u>
 DEDUCTIONS FROM TOTAL INCOME		
Interest on Funded Debt	417,139.15	459,031.13
Interest on Unfunded Debt	124,243.12	84,799.71
Miscellaneous Income Charges	50,470.30	22,759.71
	<u>591,852.57</u>	<u>566,590.55</u>
Net Income Carried to Surplus	\$ <u><u>636,316.68</u></u>	\$ <u><u>913,934.71</u></u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

RAILWAY OPERATING REVENUES

January 1 to December 31, 1959
and January 1 to December 31, 1958

	Jan. 1 to Dec. 31, 1959	Jan. 1 to Dec. 31, 1958
Freight	\$ 10,600,513.02	\$ 10,957,997.72
Passenger	804,464.69	798,093.50
Baggage	7,177.71	7,416.95
Mail	165,763.24	140,638.58
Express	324,935.50	335,537.90
Other Passenger Train	12.00	2.40
Milk	5,179.28	3,012.14
Switching	16,339.24	21,855.52
Dining and Buffet Car	68,216.83	58,329.48
Restaurant and News	36,615.98	37,449.63
Station Train and Boat Privileges	4,411.37	4,565.59
Storage — Baggage	219.35	328.96
Storage — Freight	1,598.42	1,875.44
Demurrage	24,851.41	23,389.64
Rent of Buildings and Other Property	80,694.05	72,397.71
Other	22,588.46	16,983.26
Joint Facility Dr.	5,967.52	7,021.06
Commercial Communications — Telegraph	246,023.77	263,615.18
Commercial Communications — Telephone	2,326,008.55	2,173,775.27
Highway Transport — Bus	116,405.75	124,556.66
Boat Lines	119,907.24	116,835.41
Tourist Camp and Ferry Service	65,373.90	51,531.27
	<u>\$ 15,031,332.24</u>	<u>\$ 15,203,167.15</u>

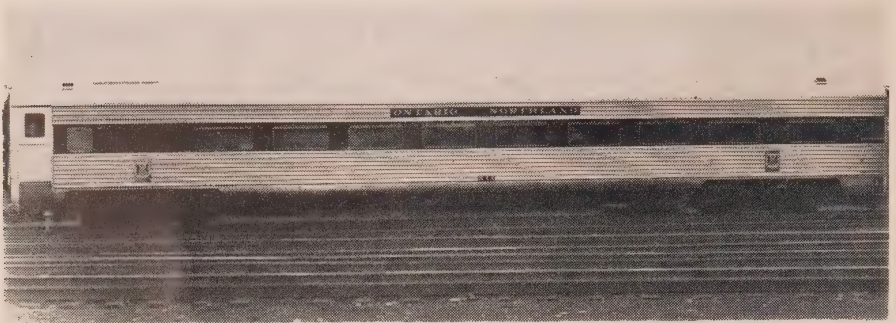
SUMMARY OF RAILWAY OPERATING EXPENSES

Road Maintenance	\$ 3,478,736.90	\$ 3,487,343.29
Equipment Maintenance	2,823,068.93	2,770,258.37
Traffic	107,080.57	103,665.21
Transportation	4,063,914.54	3,890,302.20
Miscellaneous Operations	156,403.99	141,946.83
General	897,729.68	939,430.18
Equipment Rents	23,917.93	188,037.82
Joint Facility Rents	30,634.08CR	32,535.04CR
Railway Tax Accruals	87,241.44	87,910.66
Commercial Communications Operations	1,829,387.85	1,784,285.14
Highway Transport — Bus Operations	132,315.02	140,644.03
Boat Lines Operations	175,704.96	166,610.44
Tourist Camp Operations	59,587.74	55,991.60
	<u>\$ 13,804,473.47</u>	<u>\$ 13,723,890.73</u>

Ratio of Operating Expenses to Operating Revenues

91.8%

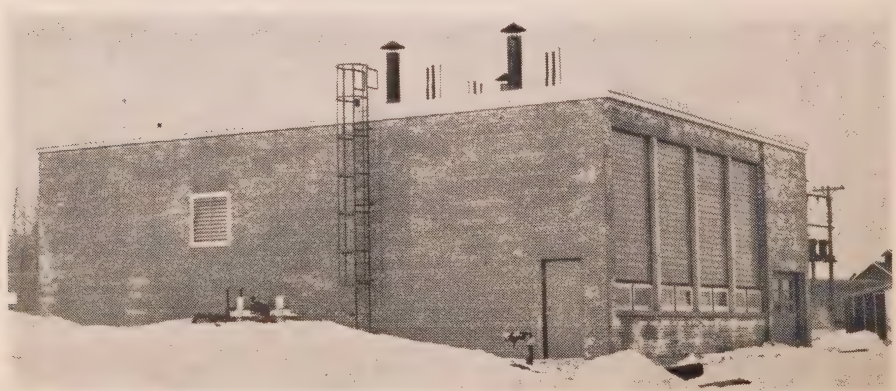
90.2%



One of three stainless-steel sheathed coaches placed in mainline service. The coaches incorporate all modern improvements for passenger comfort.



Partial view of Moosonee waterfront showing, from left to right, Hudson's Bay Company store, O.N.R.'s Log Lodge, Church of England, and Public School.



Fully automatic gas fired steam generating plant at Cochrane. Plant provides steam heat for shops, other railway buildings and passenger equipment.



Surveying off Moosonee waterfront as part of engineering survey of Moose River Estuary preliminary to construction of port facilities.



Bus of Ontario Northland Highway Services ready to load passengers at newly constructed North Bay joint bus terminal.



Train No. 47 pulls into Porquis enroute to Timmins. Train at right provides connections with Cochrane and points north.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

TRAFFIC AND MILEAGE STATISTICS

January 1 to December 31, 1959

PASSENGER TRAFFIC

Number of passengers carried earning revenue	199,456
Number of passengers carried one mile	24,704,447
Number of passengers carried one mile per mile of road	43,624
Average distance carried (miles)	124
Total passenger revenue	804,464.69
Average amount received from each passenger	4.03
Average receipts per passenger per mile (cents)	3.26
Total passenger train service revenue	1,307,532.42
Passenger service train revenue per mile of road	2,308.90
Passenger service train revenue per train mile	2.77

FREIGHT TRAFFIC

Number of tons carried earning revenue	2,464,516
Number of tons carried earning revenue one mile	550,496,270
Number of tons carried earning revenue one mile per mile of road	972,093
Average distance haul of one ton (miles)	223
Total freight revenue	10,600,513.02
Average amount received for each ton	4.30
Average amount received per ton per mile (cents)	1.93
Freight revenue per mile of road	18,718.90
Freight revenue per train mile	12.76

TOTAL TRAFFIC

Operating revenue	15,031,332.24
Operating revenue per mile of road	26,543.06
Operating revenue per train mile	11.54
Operating expenses	13,804,473.47
Operating expenses per mile of road	24,376.61
Operating expenses per train mile	10.60
Net operating revenue	1,226,858.77
Net operating revenue per mile of road	2,166.45

CAR MILEAGE

Average number of passengers carried one mile per car mile	5.6
Average number of passengers carried one mile per train mile	52.3
Average number of passenger cars per train mile	9.3
Mileage of passenger cars	4,401,545
Mileage of loaded freight cars	17,081,095
Mileage of empty freight cars	12,441,007
Average number of freight cars per train mile	36.5
Average number of loaded freight cars per train mile	20.5
Average number of empty freight cars per train mile	15
Average number of tons of freight per train mile	662.7
Average number of tons of freight per loaded car mile	32.2
Average number of miles operated during year	566.3

TRAIN MILEAGE

Mileage of revenue passenger trains	471,938
Mileage of revenue freight trains	830,725
Total revenue train mileage	1,302,663

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

AUDITOR'S REPORT

Toronto, March 14, 1960

The Commissioners,
Ontario Northland Transportation Commission,
North Bay, Ontario.

Dear Sirs:

In accordance with Section 39 of The Ontario Northland Transportation Commission Act, I have conducted an audit of the books, records and accounts of the Commission for the year ended December 31, 1959, and comment thereon as follows:

BALANCE SHEET

The cash in banks at December 31, 1959, was reconciled with the balances shown on confirmations received direct from the banks concerned. The securities held at December 31, 1959, were verified by examination and reconciliation with the related records. The securities of the Pension Fund and of the Fire Insurance Fund are stated at cost.

The Nipissing Central Railway is a wholly-owned subsidiary of the Ontario Northland Transportation Commission. By agreement the Commission operates the property of the Nipissing Central Railway as a part of its system.

Materials and supplies had a total book value of \$2,213,010.17, which is a decrease of \$58,616.09 from the related total at December 31, 1958.

A physical inventory of Materials and Supplies was taken by the Ontario Northland Railway as at August 31, 1959, and in connection therewith I have received certificates from responsible officers to the effect:

- (a) That the quantities were determined by actual count, weight or measurement or by conservative estimate where actual count, weight or measurement was impracticable, and;
- (b) That the basis of Inventory pricing was laid down cost for new materials and estimated utility or sales value for usable reclaimed, obsolete and scrap materials, after making reasonable pricing allowances for condition thereof.

The General Manager of the Commission has stated that, to the best of his information and belief, all liabilities of the Commission have been disclosed on the balance sheet at December 31, 1959, with the exception of the following contingent liabilities:

- (1) Permanent awards under the Workmen's Compensation Act for which no reserve has been set up on the books of the Commission.

- (2) Amounts required to meet Non-Contributory Pension Payroll.
- (3) Amounts required to meet awards under the Non-Scheduled Employees Health and Welfare Plan.

No change has occurred in the basic actuarial condition of the Pension Fund since my report of March 13, 1958. My comments, as well as the quotation from the report of the actuary are still applicable. Accordingly, I must repeat my recommendation that immediate steps be taken to place the Fund on a sound actuarial basis.

RETAINED INCOME ACCOUNT

The balance at the credit of retained income account as at December 31, 1959, is \$26,061,745.10 and has increased over the comparable figure as at December 31, 1958 by \$581,847.14. This net increase arises from Net Income earned of \$636,316.68 with sundry net credits of \$9,268.12, less total charges to retained income of \$63,737.66.

INCOME STATEMENT

The operating accounts of the Commission show a Net Income of \$636,316.68 for the year ended December 31, 1959, which results from Net Operating Revenue from Commercial Telephone and Telegraph Operations amounting to \$742,644.47 and Net Operating Loss from other operations amounting to \$106,327.79.

During the year under review no interest has been required from the Commission on the loan of \$30,207,934.92, owing to the Province of Ontario.

Yours faithfully,

(Signed) H. A. COTNAM, F.C.A.

Provincial Auditor

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

DETAILS OF RAILWAY EQUIPMENT

	Dec. 31 1958	Additions	Retire- ments	Conver- sions	Dec. 31 1959
LOCOMOTIVES					
Freight — Steam	0	—	—	—	0
Diesel Yard Switchers	4	—	—	—	4
Diesel Road Switchers	22	—	—	—	22
Road "A" Units	22	—	—	—	22
	<u>48</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>48</u>
PASSENGER EQUIPMENT					
1st Class	25	2	—	—	27
2nd Class	0	—	—	—	0
Combination	6	—	1	—	5
Restaurant	1	—	—	—	1
Lunch and 1st Class	2	—	—	—	2
Cafe Parlor	1	—	—	—	1
Postal Baggage	19	—	—	—	19
Other (Box Baggage)	2	—	—	—	2
	<u>56</u>	<u>2</u>	<u>1</u>	<u>—</u>	<u>57</u>
FREIGHT REVENUE EQUIPMENT					
Box	1021	—	1	—	1020
Flat	167	—	1	—	166
Hopper	100	—	—	—	100
Stock	24	—	1	—	23
	<u>1312</u>	<u>—</u>	<u>3</u>	<u>—</u>	<u>1309</u>
Cabooses	38	—	1	—	37
WORK EQUIPMENT					
Business Cars	3	—	—	—	3
All other Cars in Railway Service	236	5	6	—	235
	<u>239</u>	<u>5</u>	<u>6</u>	<u>—</u>	<u>238</u>
HIGHWAY EQUIPMENT					
Bus	12	—	—	—	12
Trucks	20	1	1	—	20
Trailers	6	—	—	—	6
Station Wagons	2	1	—	—	3
	<u>40</u>	<u>2</u>	<u>1</u>	<u>—</u>	<u>41</u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

MILES OF TRACK OPERATED

At Close of Fiscal Year, December 31, 1959

MAIN LINE

	Miles	
North Bay — Timmins	257.20	
Porquis — Cochrane	28.20	
Cochrane — Moosonee	186.20	471.60

BRANCH LINES

Earlton — Elk Lake	28.50	
Welsh — Iroquois Falls	6.20	
Swastika Junction — Noranda	60.00	94.70

OTHER TRACKS

Yard Tracks and Sidings	113.51	
Public Tracks	18.21	
Under Private Siding Agreement	20.63	
Owned Outright by the Industry	5.03	157.38
		<u>723.68</u>

MOOSONEE — A PROGRESS REPORT

Progress made during 1959 for the ultimate establishment of an ocean port and city at Moosonee

By O. T. G. WILLIAMSON

The year, 1959, has been most encouraging not only for what has actually been achieved but even more for the promise of things to come. Perhaps most significant in the latter respect has been the co-operative spirit displayed by the Dominion Government. The representations made by the Commission had, much earlier, received the hearty endorsement of the Government of Ontario, through the personal interest taken in the project by the Prime Minister of Ontario, The Hon. Leslie M. Frost. His enthusiasm for the project was not merely the result of representations made to him but rather derived from his visits to Moosonee to study the problems involved at first hand. The advantages to be gained from a first-class ocean port so strategically located were obvious to him and, by personal intervention, he convinced The Hon. John Diefenbaker, Prime Minister of Canada, that studies should be made to determine the feasibility of the project.

Securing the favourable interest of both the Dominion and the Provincial Governments was by no means the only achievement of the year. Early in January, a contract was made by the Commission with Geocon Limited of Toronto to make a series of borings and penetration tests in the proposed harbour and ship channel areas and in areas where shoals exist directly opposite the town-site of Moosonee.

The purpose of these tests was to determine the type of material which would have to be excavated during the construction phase of the project and also the nature of the material in the shoals mentioned above. In addition they were to determine whether rock would be encountered within the limits tentatively set for dredging. The drilling was done through the ice in the river during February and a comprehensive report was submitted to the Commission on April 27, 1959.

The borings in the harbour and ship channel areas, the latter being carried well out into the Bay, were driven to a depth of thirty feet below low-tide level. Penetration tests were taken down to sixty and seventy feet below the same level. The penetration tests were made with a 140 pound hammer dropping thirty inches. In general, the materials disclosed by the borings varied from a soft to a very soft stratum of silty clay to firmly compacted glacial till, the latter of which was almost everywhere at the 30 foot below low-tide level. The side slopes in a dredged channel would vary from 1 to 4 in the soft material to 1 to 1½ in the glacial till. The penetration tests in nearly all cases indicated material of good bearing value at and below the 30-foot level. It is noteworthy, in view of the many unsupported statements that the mouth of the river is characterized by shifting sand bars, that very little sand was indicated by any of the borings in the harbour and ship channel areas. Only two of the borings made in the vicinity of the outer bar showed any sand at all and these indicated a minor pocket of sand rather than a wide-spread distribution of this material. No rock was encountered at any point.

It is interesting to note in connection with future dredging operations that the estuary affords ample space for the disposition of dredged material. There are numerous guts which may be filled and, in doing so, some part of the flow of the river will be directed into the main channel, thus heightening the scouring effect. At and beyond Ship Sands, training walls designed to secure the same effect could readily be constructed with brushwood mats and dredged material. By such means, it should be quite possible economically to direct all of the normal summer flow, at least, into the ship channel.

The borings made in the shoals opposite Moosonee are of particular interest. Under the tentative plans for the design of a still-water basin enclosed by an embankment on Butler and Big Duck Islands, the area in which these shoals occur would have to be dredged, it is thought, to a depth of approximately twelve feet. This would be done to afford a freeway for the run off of ice during the spring freshet and also to prevent ice jams during that period. It was therefore of the utmost interest that the borings disclosed that at least 2,000,000 cubic yards of clean sand could be recovered from the shoals above the 12-foot level below the low-tide mark. There is little or no overburden of silt in this area and the sand, which contains about 15% of fine gravel, is shown by tests to be an almost ideal fine aggregate for concrete. As no deposit of a comparable nature is known to exist north of Cochrane, the value of this deposit is obvious. A large volume of concrete will be required for the construction of the docks and other harbour works. Industrial installations and also the city which will ultimately be established at Moosonee will make further large demands on this material and any surplus there may be, will make ideal sub-surface fill for street and other purposes.

As mentioned previously, the co-operative interest' of the Dominion Government was secured early in 1959 and it was given tangible effect later in the year by an appropriation of \$50,000.00 to match a similar contribution made by the Ontario Government through the Department of Planning and Development. Leading up to and confirming this allocation of funds, a number of conferences between the Chairman of the Commission and the Ontario Department of Planning and Development and the Dominion Departments of Public Works and Mines and Technical Surveys took place. At the last of these in Ottawa on November 23rd, details of procedure were agreed upon. By general consent, the Department of Mines and Technical Surveys was allotted the task of making a comprehensive survey of the Moose River estuary to determine the feasibility, from an engineering point of view, of the construction of a first-class port to accommodate ocean-going shipping of the type now using the St. Lawrence Seaway. It was the understanding that a depth of thirty feet below low tide level would have to be maintained within the still-water harbour area and in the ship channel out into the Bay.

The survey work to be undertaken includes the following:

- (a) Installation of one or more tide gauges in the vicinity of Moosonee and the recording of tidal variations during the period of the survey.
- (b) Ground control by Topographical survey for low-level aerial photography and Hydrographic survey of the Moose River.
- (c) Low-level aerial photography to produce a plot with scale of one inch equals two hundred feet and five foot contours.
- (d) Hydrographic survey of the Moose River estuary.

- (e) A track to be surveyed through James Bay from the mouth of the Moose River to the vicinity of Great Whale.

It was agreed that a report embracing the results of these surveys would be prepared and be made available by November 1, 1960. The location of ground control stations was to be proceeded with in February, 1960, at which time the ice would be in the most suitable condition for the work.

After some years of planning and negotiation, it is gratifying to all those who have played any part in this promotional activity to know that definite work is now under way which may shortly lead to a development program in Northern Ontario of the first magnitude.

The area of the Townsite of Moosonee under the control of the Ontario Northland Transportation Commission, has recently been considerably enlarged. This has given ample scope for still another development of interest to the Commission and to the community of Moosonee.

The R.C.A.F. has purchased approximately 232 acres of the enlarged townsite for the construction of a housing development in connection with a huge radar station which it is proposed immediately to install. The location of the housing development is downstream from the existing settlement and lies between Butler and Otter Creeks. The radar installation will be located to the south of Store Creek and adjacent to the railway. The Commission has retained for future industrial installations and harbour works a strip of ground 700 feet wide between the site for the new housing and the river.

The land for the R.C.A.F. townsite has already been cleared and drainage has been installed. Construction will begin in 1960. The townsite will include individual houses, some dormitory buildings for single men, schools, churches and a recreation centre. A dam will be constructed in Otter Creek to impound an ample supply of water for the community and a sewage treatment plant will also be provided. It is expected that ultimately the increase in population due to the R.C.A.F. installation will amount to six or seven hundred persons. This, it is hoped, will be merely a foretaste of things to come in the Moosonee area.

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(SIXTIETH) ANNUAL REPORT,

(OF THE)

Ontario, Northland Transportation

Commission

60TH (1960)

(PROVINCE OF ONTARIO)

Honourable Leslie M. Frost, Q.C., Prime Minister

For the Year Ended

DECEMBER 31, 1960

PRINTED by ORDER of

THE LEGISLATIVE ASSEMBLY OF ONTARIO



TORONTO

Printed and Published by Frank Fogg, Printer to the Queen's
Most Excellent Majesty, 1961

SIXTIETH ANNUAL REPORT
OF THE
**Ontario Northland Transportation
Commission**

ONTARIO GOVERNMENT RAILWAY

Honourable Leslie M. Frost, Q.C., Prime Minister

For the Year Ended
DECEMBER 31, 1960

PRINTED by ORDER of
THE LEGISLATIVE ASSEMBLY OF ONTARIO
Sessional Paper No. 46, 1961



TORONTO

Printed and Published by Frank Fogg, Printer to the Queen's
Most Excellent Majesty, 1961

TO THE HONOURABLE JOHN KEILLER MACKAY

Lieutenant Governor, The Province of Ontario

MAY IT PLEASE YOUR HONOUR:

The undersigned has the honour of presenting herewith the Sixtieth Annual Report of the Ontario Northland Transportation Commission for the year ended December 31st, 1960.

Respectfully submitted,

W. M. NICKLE

Minister of Commerce and Development.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Hon. W. M. Nickle, M.B.E., M.C., Q.C.,
Minister of Commerce and Development,
Parliament Buildings,
Toronto, Ontario.

Sir:

In conformity with Section 41 of The Ontario Northland Transportation Commission Act, Chapter 276, Revised Statutes of Ontario, 1960, I have the honour of submitting the Sixtieth Annual Report of the Ontario Northland Transportation Commission for the year ended December 31st, 1960.

All of which is respectfully submitted.

C. E. REYNOLDS,
Chairman.



ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Robert S. Potter, John A. Fullerton, M.P.P.; S. W. Gowan, Secretary; C. E. Reynolds, Chairman; W. A. Johnston, M.P.P.; Alvin Jardine, General Manager; R. A. Aubert.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

COL. C. E. REYNOLDS, D.S.O., M.C.	Chairman	North Bay
W. A. JOHNSTON, M.P.P.	Vice-Chairman	South River
J. A. FULLERTON, M.P.P.	Commissioner	Thessalon
ROBERT S. POTTER	Commissioner	Matheson
REGINALD A. AUBERT	Commissioner	Englehart



PRINCIPAL OFFICERS

A. JARDINE	General Manager	North Bay
T. D. SAUNDERS	Chief Engineer	North Bay
J. W. MILLAR	Chief Mechanical Officer	North Bay
H. R. McCLEARY	Superintendent	Englehart
R. P. C. McLEOD	Traffic Manager	North Bay
H. H. PHILLIPS	General Freight & Passenger Agent	North Bay
A. A. HANSMAN	Comptroller	North Bay
E. W. LIDKEA	Auditor of Disbursements	North Bay
H. W. STUCKEY	Auditor of Revenues	North Bay
L. R. HUME	Purchasing Agent	North Bay
E. A. FRITH	Manager of Communications	North Bay
J. BRISBANE	Treasurer	North Bay
R. J. SAYER	Superintendent of Transportation	North Bay
S. W. GOWAN	Secretary	North Bay

ONTARIO NORTHLAND RAILWAY

North Bay, Ontario

March 6th, 1961.

Col. C. E. Reynolds, D.S.O., M.C.,

Chairman.

Dear Sir:

The following report for fiscal year ended December 31st, 1960, is respectfully submitted—

Earnings and Expenses	1960	1959	Increase or Decrease
Total Revenues	14,334,919	15,032,642	697,723 (d)
Total Expenses	14,205,369	14,396,326	190,957 (d)
Net Earnings to Surplus	129,550	636,316	506,766 (d)
Revenue by Classes of Service			
Freight	9,687,369	10,600,513	913,144 (d)
Passenger	785,855	804,464	18,609 (d)
Mail	171,351	165,763	5,588 (i)
Express	352,267	324,935	27,332 (i)
Communications	2,755,424	2,572,032	183,392 (i)
Other	582,653	564,935	17,718 (i)
	14,334,919	15,032,642	697,723 (d)

Decrease of \$697,723 in net revenue can be attributed entirely to drop in freight traffic which amounted to \$913,144. Passenger revenues by themselves showed a decline of \$18,609, but passenger train revenues, which includes mail and express, improved over 1959 by over \$14,000. Communications revenues continue to increase with 1960 being over 1959 by \$183,392. Due to severe wash-out in the Thornloe area additional expense of approximately \$50,000 was incurred but even in the face of this unusually heavy expenditure a decrease in expenses for the year of \$190,957 was effected.

The earnings position of the railway is, of course, totally unsatisfactory. Rising costs of wages and materials, together with declining revenues have produced a situation wherein the net earnings have dwindled to the lowest point since the depression years of the 1930's. A modest return of three percent on the capital invested in the railway and miscellaneous services would require net earnings of approximately one and three quarters million dollars. The fact that net earnings in 1960 amounted to \$129,550 only is an indication of the economic condition in which this railway and the railway industry generally finds itself.

Financial

Maturing debentures amounting to \$744,000 were retired in 1960. Temporary borrowing increased in the amount of \$800,000, from \$1,100,000 to \$1,900,000. All interest payments were met in full.

Employer-Employee Relationship

The movement started by the Non-Operating Employees in 1959 for increased wage rates and other benefits was still in abeyance at end of 1960, and it is not anticipated a settlement will be reached before mid 1961. Strike action was threatened in 1960 but was averted by Government legislation.

Pension Funds

At December 31, 1960 the number of persons benefitting by retirement plans was—

	Employees	Dependents	Total	Pensions Paid December 1960
Contributory Plan	374	216	590	\$ 59,326.62
Non-Contributory Plan	17	—	17	979.60
	<u>391</u>	<u>216</u>	<u>607</u>	<u>\$ 60,306.22</u>

Prospective

It is difficult to contemplate operation of the railway in the foreseeable future, without serious concern as to its ability to avoid deficit financing. Revenues continue to decline and there is no indication of an appreciable improvement so far as can be foreseen at present. General economic conditions greatly influence the volume of traffic available and until there is a recovery from the present business recession, there is little hope that revenues will increase.

Operating expenses were reduced in 1960 and it would appear that every effort will have to be made in this direction in 1961 and subsequent years. In the face of declining revenues it is only reasonable that operating costs should also be reduced wherever possible.

In excess of 60% of every revenue dollar received is now returned to the employees in the form of wages or benefits and if a further upward revision of wage rates is allowed, as requested, this percentage will be increased.

The development of iron ore properties in the area served by the railway holds promise of additional traffic within the next two or three years but this will not occur without substantial capital investment by the railway, and in consideration of the fact that such traffic will move at a very low rate, the net benefit to the railway is not likely to be great.

Altogether the situation offers food for much serious thought.

Yours truly,

A. JARDINE,
General Manager.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Balance Sheet as at December 31st, 1960

ASSETS

INVESTMENTS

Road	\$ 54,453,505.68		
Leased Property—			
Improvements	2,966,316.78		
Miscellaneous	409,345.54		
	57,829,168.00		
Less—Accumulated			
Depreciation	9,822,900.95	\$ 48,006,267.05	
Equipment	22,521,388.83		
Floating Equipment	410,823.65		
	22,932,212.48		
Less—Accumulated			
Depreciation	9,024,053.31	13,908,159.17	
Investment in Wholly Owned Subsidiaries:			
Nipissing Central			
Railway	4,943,362.00		
Less—Retirement			
Reserve	674,374.71		
	4,268,987.29		
Star Transfer Limited	691,447.86	4,960,435.15	\$ 66,874,861.37

CURRENT ASSETS

Cash in Bank	\$ 95,144.86		
Agents' and Conductors' Balances	1,005,954.85		
Accounts Receivable	314,778.66		
Traffic Balances	55,072.41		
Material and Supplies	2,280,706.52		
Other Assets	4,903.67	\$ 3,756,560.97	

DEFERRED ASSETS

Pension Fund — Contributory	\$ 7,001,364.86		
Pension Fund — Non-Contributory	979.60		
Fire Insurance Fund	268,455.12		
Health and Welfare Fund	6,505.46	\$ 7,277,305.04	

UNADJUSTED DEBITS

Ballast Pits	\$ 47,075.92		
Other Unadjusted Debits	48,992.03	\$ 96,067.95	
		<u>\$ 78,004,795.33</u>	

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Balance Sheet as at December 31st, 1960

LIABILITIES

LOAN FROM PROVINCE OF ONTARIO

Loan without Interest			\$ 30,207,934.92
-----------------------------	--	--	------------------

LONG TERM DEBT

Instalment Debentures 4% 1961-68—			
Payable in Canadian or U.S. Funds			
Guaranteed by Province of Ontario	\$ 2,302,000.00		
Less—Included in Current Liabilities	254,000.00	\$ 2,048,000.00	

Instalment Debentures 4% 1961-1962.			
Payable in Canadian Funds			
Guaranteed by Province of Ontario	1,000,000.00		
Less—Included in Current Liabilities	500,000.00	500,000.00	

Debentures 4 1/4% 1968—			
Payable in Canadian Funds.			
Guaranteed by Province of Ontario		5,500,000.00	
Mortgage Payable—Main Street Property 1961-62		3,952.95	\$ 8,051,952.95

CURRENT LIABILITIES

Instalment Debentures due in 1961	\$ 754,000.00		
Demand Loan, Guaranteed by Province of Ontario 5 3/4%	1,900,000.00		
Demand Loan from Province of Ontario 5 3/4%	2,000,000.00		
Balance Re Purchase of Star Transfer Limited	170,055.90		
Accounts, Wages and Salaries	1,024,464.70		
Traffic Balances	175,792.90		
Debenture Interest	69,063.53	\$ 6,093,377.03	

DEFERRED LIABILITIES

Pension Fund Reserve—Contributory	\$ 7,001,364.86		
Pension Fund Reserve—Non-Contributory	979.60		
Fire Insurance Fund Reserve	268,455.12		
Health and Welfare Fund Reserve	6,505.46	\$ 7,277,305.04	

UNADJUSTED CREDITS

Fidelity Insurance Reserve	\$ 3,610.43		
Other Unadjusted Credits	111,733.58	\$ 115,344.01	

DONATIONS AND GRANTS RAILWAY PROPERTY RETAINED INCOME

	\$ 2,456.00
	\$ 26,256,425.38
	<u>\$ 78,004,795.33</u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

RETAINED INCOME ACCOUNT

For Year Ended December 31, 1960

Balance—December 31, 1959		\$ 26,061,745.10
ADD—		
Net Income for the year ended December 31, 1960	\$ 129,500.61	
Signal Material charged out but not used — Returned to Stock	60,410.66	
Sundry Net Credits	\$ 6,095.61	196,006.88
		<u>\$ 26,257,751.98</u>
DEDUCT—		
Retirement of Obsolete Boat Repair Parts	\$ 733.50	
Investment in Mining Stocks Written Down	309.40	
Sundry Net Debits	283.70	\$ 1,326.60
Balance December 31, 1960		<u><u>\$ 26,256,425.38</u></u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

AUDITOR'S CERTIFICATE

I have examined the balance sheet of the Ontario Northland Transportation Commission as at December 31, 1960 and the related income statement and retained income account for the year ended on that date. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion, the accompanying balance sheet and the related income statement and retained income account present fairly the financial position of the Commission as at December 31, 1960, and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

(Signed) H. A. COTNAM, F.C.A.

Provincial Auditor

Toronto, Ontario,
March 20, 1961.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

INCOME STATEMENT

For the Year Ended December 31, 1960

With Comparative Figures for the Year Ended December 31, 1959

RAILWAY OPERATING REVENUE
(For details see Schedule A attached)

	Year Ended Dec. 31, 1960	Year Ended Dec. 31, 1959
Freight Services	\$ 9,730,001.57	\$ 10,643,302.09
Passenger Services	892,839.69	921,105.93
Express	352,267.24	324,935.50
Communications (Commercial)	2,755,424.01	2,572,032.32
All Other	604,386.25	569,956.40
Total Operating Revenue	<u>\$ 14,334,918.76</u>	<u>\$ 15,031,332.24</u>

RAILWAY OPERATING EXPENSE
(For details see Schedule B attached)

Road Maintenance	\$ 3,142,627.85	\$ 3,478,736.90
Equipment Maintenance	2,745,655.33	2,823,086.93
Traffic	105,301.51	107,080.57
Transportation	4,022,816.31	4,063,914.54
Miscellaneous Operations	158,505.37	156,403.99
Communications (Commercial)	1,862,105.27	1,829,387.85
General	881,825.61	897,729.68
Other—Bus, Boat, Tourist Camp	333,072.01	367,607.72
Total Operating Expense	<u>\$ 13,251,909.26</u>	<u>\$ 13,723,948.18</u>
Net Revenue from Railway Operations	<u>\$ 1,083,009.50</u>	<u>\$ 1,307,384.06</u>

TAXES AND RENTS

Railway Tax Accruals	\$ 105,346.08	\$ 87,241.44
Equipment Rents	267,413.86	23,917.93
Joint Facility Rents	30,972.64Cr	30,634.08Cr
Total Taxes and Rents	<u>\$ 341,787.30</u>	<u>\$ 80,525.29</u>
Net Railway Operating Surplus	<u>\$ 741,222.20</u>	<u>\$ 1,226,858.77</u>

OTHER INCOME

Miscellaneous	\$ 1,447.01	\$ 1,310.48
Other Rents	404.45 Dr	225.00 Dr
Other Income Charges	46,634.93 Dr	50,245.30 Dr
Total Other Income	<u>\$ 45,592.37 Dr</u>	<u>\$ 49,159.82 Dr</u>
Surplus before Fixed Charges	<u>\$ 695,629.83</u>	<u>\$ 1,177,698.95</u>

FIXED CHARGES

Interest on Funded Debt	\$ 381,651.28	\$ 417,139.15
Interest on Unfunded Debt	184,477.94	124,243.12
Total Fixed Charges	<u>\$ 566,129.22</u>	<u>\$ 541,382.27</u>
Net Income carried to Retained Income Account	<u>\$ 129,500.61</u>	<u>\$ 636,316.68</u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

DETAILS OF OPERATING REVENUE

For the Year Ended December 31, 1960

With Comparative Figures for the Year Ended December 31, 1959

	Year Ended Dec. 31, 1960	Year Ended Dec. 31, 1959
FREIGHT SERVICES		
Freight	\$ 9,687,368.91	\$ 10,600,513.02
Switching	17,759.05	16,339.24
Demurrage	23,848.97	24,851.41
Storage	1,024.64	1,598.42
Total	\$ 9,730,001.57	\$ 10,643,302.09

PASSENGER SERVICES		
Passenger	\$ 785,855.22	\$ 804,464.69
Dining and Buffet Car	63,039.89	68,216.83
Station, Train and Boat Privileges	5,276.60	4,411.37
News Service and Restaurants	35,264.91	36,615.98
Baggage Transportation and Storage	3,403.07	7,397.06
Total	\$ 892,839.69	\$ 921,105.93

EXPRESS SERVICES		
Express	\$ 352,267.24	\$ 324,935.50

COMMUNICATIONS (Commercial)		
Telegraphs	\$ 282,382.13	\$ 246,023.77
Telephone	2,473,041.88	2,326,008.55
Total	\$ 2,755,424.01	\$ 2,572,032.32

ALL OTHER		
Mail	\$ 171,351.25	\$ 165,763.24
Boat Lines	106,348.76	119,907.24
Highway Transport — Bus	113,872.51	\$ 116,405.75
Tourist Camp	65,755.86	65,373.90
Rent of Buildings & other property	76,098.65	80,694.05
Miscellaneous	70,408.48	22,600.46
Milk	5,916.70	5,179.28
Joint Facilities	5,365.96 Dr	5,967.52 Dr
Total	\$ 604,386.25	\$ 569,956.40
Total Operating Revenue	\$ 14,334,918.76	\$ 15,031,332.24

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

DETAILS OF OPERATING EXPENSE

For the Year Ended December 31, 1960

With Comparative Figures for Year Ended December 31, 1959

	Year Ended Dec. 31, 1960	Year Ended Dec. 31, 1959
ROAD MAINTENANCE		
SUPERINTENDENCE	\$ 94,951.53	\$ 99,249.34
TRACK AND ROADWAY		
Track and Roadway Maintenance	\$ 1,287,238.26	\$ 1,386,732.08
Ties	10,748.96	26,998.13
Rails	11,682.12	8,327.01
Other Track Material	62,755.96	58,615.35
Ballast	6,553.37	8,596.23
Fences, Snowsheds and Signs	15,443.75	13,769.93
Small Tools and Supplies	32,707.49	44,300.21
Removing Snow, Ice and Sand	181,875.38	244,058.77
Total	\$ 1,609,005.29	\$ 1,791,397.71
BRIDGES AND STRUCTURES		
Tunnels, Bridges and Culverts	\$ 64,237.72	\$ 115,031.69
Station and Office Buildings	176,849.99	\$ 231,899.04
Roadway Buildings	50,897.48	68,219.90
Water and Fuel Stations	10,795.94	19,353.85
Shops and Enginehouse	82,551.77	89,281.82
Power Plant Systems	6,225.38	17,911.90
Other Structures	1,013.45	1,639.19
Total	\$ 392,571.73	\$ 543,337.39
RAILWAY COMMUNICATIONS AND SIGNAL SYSTEMS		
Communications Rail	\$ 21,093.83	\$ 24,348.19
Signals	95,578.57	109,106.69
Total	\$ 116,672.40	\$ 133,454.88
MISCELLANEOUS		
Roadway Machines	\$ 48,458.78	\$ 59,958.08
Injuries to Persons	30,633.38	24,945.80
Insurance	315.50	1,789.02
Stationery	900.40	1,722.44
Other Expense	34,839.75	36,618.36
Total	\$ 115,147.81	\$ 125,033.70
DEPRECIATION AND RETIREMENTS		
Road Property Depreciation	\$ 865,892.40	\$ 848,834.30
Dismantling Retired Road Property	5,908.24	7,754.04
Total	\$ 871,800.64	\$ 856,588.34
JOINT FACILITIES		
Maintaining Joint Facilities	\$ 57,521.55Cr	\$ 70,324.46Cr
Total Road Maintenance	\$ 3,142,627.85	\$ 3,478,736.90

	Year Ended Dec. 31, 1960	Year Ended Dec. 31, 1959
EQUIPMENT MAINTENANCE		
SUPERINTENDENCE	\$ 112,124.71	\$ 115,939.25
MACHINERY		
Shop and Power Plant Machinery	\$ 54,129.62	\$ 55,359.36
EQUIPMENT		
Diesel Locomotives	\$ 714,975.11	\$ 821,449.92
Freight Train Cars	656,257.55	639,923.20
Passenger Train Cars	378,478.60	338,597.02
Work Equipment	67,993.83	80,064.00
Other Equipment	837.61	3,161.73
Total	<u>\$ 1,984,797.03</u>	<u>\$ 2,054,494.48</u>
MISCELLANEOUS		
Injuries to Persons	\$ 10,557.21	\$ 17,643.67
Insurance	358.86	3,745.50
Stationery	3,383.26	3,894.45
Total	<u>\$ 14,299.33</u>	<u>\$ 25,283.62</u>
DEPRECIATION AND RETIREMENTS		
Other Equipment and Machinery Depreciation	\$ 29,392.81	\$ 28,089.00
Dismantling Retired Equipment	561.89	528.13
Rolling Stock Depreciation	732,003.85	727,267.30
Total	<u>\$ 761,958.55</u>	<u>\$ 755,884.43</u>
JOINT FACILITIES		
Maintaining Joint Facilities	\$ 15,399.58Cr	\$ 12,575.60Cr
Total Equipment Maintenance	<u>\$ 2,745,655.33</u>	<u>\$ 2,823,086.93</u>
TRAFFIC		
Superintendence	\$ 86,558.30	\$ 86,521.27
Agencies	1,605.10	2,079.39
Advertising	3,966.76	3,933.29
Associations	4,076.40	4,074.90
Stationery	8,632.30	9,858.10
Other Expenses	462.65	\$ 613.62
Total Traffic	<u>\$ 105,301.51</u>	<u>\$ 107,080.57</u>

TRANSPORTATION

Year Ended
Dec. 31, 1960Year Ended
Dec. 31, 1959

SUPERVISION

Superintendence	\$ 147,622.14	\$ 156,033.18
Dispatching	82,638.01	82,774.10
Total	\$ 230,260.15	\$ 238,807.28

STATION SERVICES

Station Employees	\$ 890,371.39	\$ 893,778.01
Weighing, Inspecting and Demurrage	1,978.30	2,226.03
Station Expense	70,029.56	73,014.04
Total	\$ 962,379.25	\$ 969,018.08

YARD SERVICES

Yardmaster and Clerks	\$ 188,946.74	\$ 188,788.17
Yard Trainmen	256,487.37	251,983.83
Yard Switchmen	6,980.45	7,925.18
Yard Enginemen	163,384.19	174,580.13
Yard Locomotive Fuel and Power	29,379.91	30,584.79
Yard Locomotive Water	303.52	273.54
Yard Locomotive Other Supplies	1,198.00	564.70
Yard Enginehouse Expense	13,015.02	12,119.21
Yard Other Expense	7,929.82	7,972.51
Total	\$ 667,627.02	\$ 674,792.06

TRAIN OPERATIONS

Train Enginemen	\$ 492,591.52	\$ 558,630.44
Train Locomotive Fuel and Power	575,638.54	614,997.14
Train Locomotive Water	8,536.73	10,255.06
Train Locomotive Other Supplies	33,868.79	27,203.73
Train Enginehouse Expense	254,084.61	262,365.56
Trainmen	612,898.02	604,478.71
Train Other Expense	282,635.30	218,834.67
Total	\$ 2,260,273.51	\$ 2,296,765.31

MISCELLANEOUS

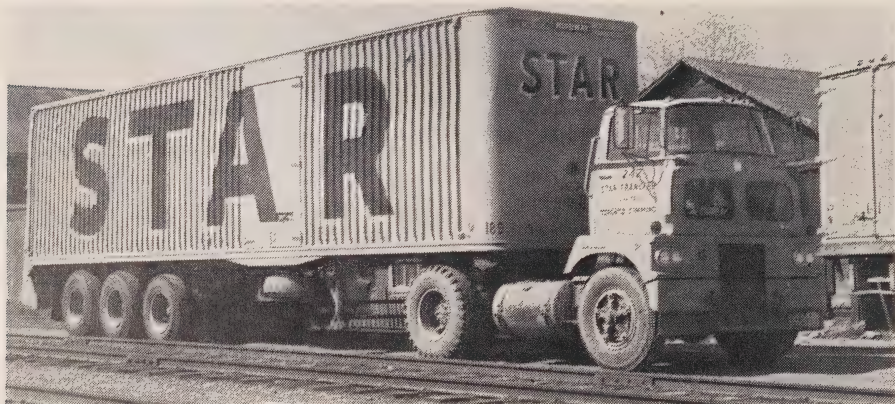
Signal Operation	\$ 1,647.31	\$ 1,722.39
Crossing Protection	6,060.04	5,931.75
Stationery	23,811.47	27,021.31
Other Expense	16,219.80	14,379.22
Total	\$ 47,738.62	\$ 49,054.67

CASUALTY COSTS

Insurance	\$ 27.97	\$ 363.61
Clearing Wrecks	41,396.26	5,691.04
Damage to Property	529.06	32.70
Loss and Damage — Freight	66,557.06	83,470.20
Loss and Damage — Baggage	67.53	102.58
Injuries to Persons	31,896.63	32,788.86
Total	\$ 140,474.51	\$ 122,448.99

JOINT FACILITIES

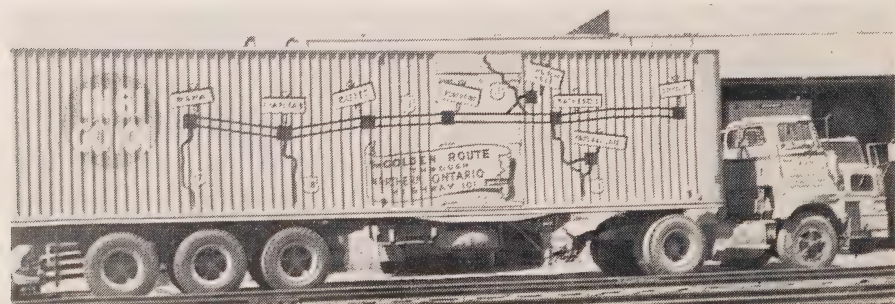
Operating Joint Yards and Terminals	\$ 285,936.75Cr	\$ 286,971.85Cr
Total Transportation	\$ 4,022,816.31	\$ 4,063,914.54



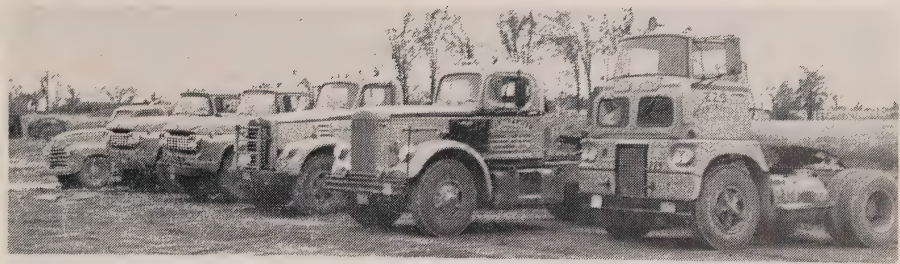
Typical highway unit operated between Toronto and Northern Ontario points by subsidiary Star Transfer Company.



At the Toronto warehouse, highway units are loaded with freight for Timmins, Kapuskasing, and other Northern Ontario points.



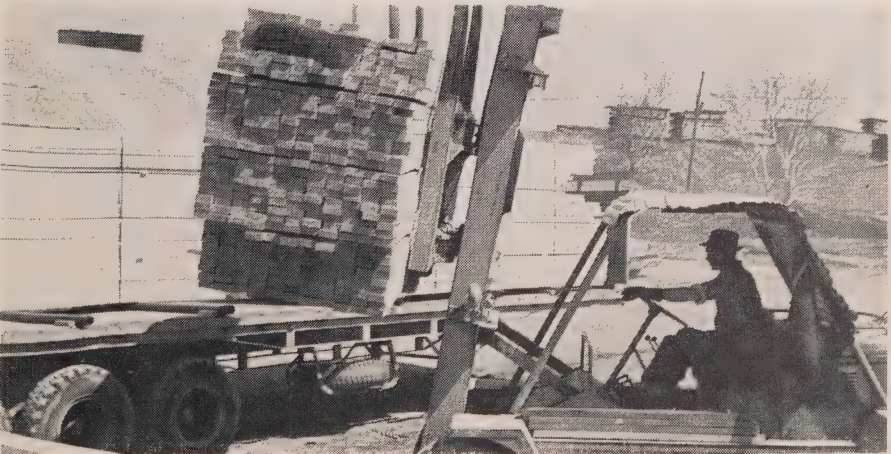
Assisting in the tourist promotion programme of Northern communities, trailer carries suitable advertising.



As trailers are loaded, tractor units are lined up at Toronto terminal.



Local pick-up service trucks unload across dock to highway trailers. Pick-up trucks are radio dispatched for maximum efficiency.



Lumber is loaded at a mill near Timmins for delivery at Toronto construction site following morning.

	Year Ended Dec. 31, 1960	Year Ended Dec. 31, 1959
--	-----------------------------	-----------------------------

MISCELLANEOUS OPERATIONS

Dining and Buffet Service	\$ 119,237.69	\$ 116,507.07
News Service and Restaurants	35,421.11	35,498.27
Other Operations	3,846.57	4,398.65
Total Miscellaneous Operations	<u>\$ 158,505.37</u>	<u>\$ 156,403.99</u>

COMMUNICATIONS (Commercial)

Telegraph Maintenance	\$ 120,570.39	\$ 119,529.62
Telegraph Conducting Operations	108,318.92	109,945.80
Telegraph General	23,020.71	21,028.24
Telegraph Municipal Taxes	2,142.13	3,221.44
Telephone Maintenance	555,212.20	574,949.87
Telephone Conducting Operations	888,100.83	849,389.16
Telephone General	148,267.57	136,809.15
Telephone Municipal Taxes	16,472.52	14,514.57
Total Commercial Communications	<u>\$ 1,862,105.27</u>	<u>\$ 1,829,387.85</u>

GENERAL

General Officers	\$ 125,692.33	\$ 127,319.43
Clerks and Attendants	282,666.62	279,685.53
Office Expense	10,088.98	9,259.06
Law Expense	12,827.29	16,708.03
Insurance	144.28	307.62
Pensions	443,334.05	454,313.52
Stationery	15,022.67	13,852.60
Other Expense	14,479.60	20,273.46
General Joint Facilities	22,430.21Cr	23,989.57Cr
Total General	<u>\$ 881,825.61</u>	<u>\$ 897,729.68</u>

OTHER

Highway Transport Operations — Bus	\$ 128,698.76	\$ 132,315.02
Boat Line Operations	144,883.15	175,704.96
Tourist Camp Operations	59,490.10	59,587.74
Total Other	<u>\$ 333,072.01</u>	<u>\$ 367,607.72</u>
Total Operating Expense	<u>\$ 13,251,909.26</u>	<u>\$ 13,723,948.18</u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

AUDITOR'S REPORT

Toronto, March 20, 1961.

To the Chairman and Members of the
Ontario Northland Transportation Commission,
North Bay, Ontario.

Dear Sirs:

In accordance with Section 39 of The Ontario Northland Transportation Commission Act, I have conducted an audit of the books, records and accounts of the Commission for the year ended December 31, 1960 and comment thereon as follows:

Balance Sheet

The cash in banks at December 31, 1960 was reconciled with the balances shown on confirmations received direct from the banks concerned. The securities held at December 31, 1960 were verified by examination and reconciliation with the related records. The Contributory Pension Fund of \$7,001,364.86 is made up of securities shown at cost value \$6,903,755.28, together with cash on hand of \$97,609.58. The Fire Insurance Fund of \$268,455.12 is made up of securities shown at cost value of \$263,803.82 together with cash on hand of \$4,651.30.

The Nipissing Central Railway is a wholly owned subsidiary of the Ontario Northland Transportation Commission. By agreement, the Commission operates the property of the Nipissing Central Railway as a part of its system.

During the year the Commission acquired complete control of the Star Transfer Limited of Timmins, Ontario for the sum of \$670,000.00. The amount of \$691,447.86 shown on the balance sheet includes incidental costs for legal expenses and services of Business Consultants, etc. The operations of Star Transfer Limited for the year ended December 31, 1960 resulted in a net profit but no dividend was declared by the Company and hence there was no income from this source to include in the accompanying income statement of the Commission.

Materials and Supplies had a total book value of \$2,280,706.52 which is an increase of \$67,696.35 over the related total at December 31, 1959.

A physical inventory of Materials and Supplies was taken by the Ontario Northland Railway as at August 31, 1960 and in connection therewith I have received certificates from responsible officers to the effect:

- (a) That the quantities were determined by actual count, weight or measurement or by conservative estimate where actual count, weight or measurement was impracticable, and;
- (b) That the basis of Inventory pricing was laid down cost for new materials and estimated utility or sales value for usable reclaimed, obsolete and scrap materials, after making reasonable pricing allowances for condition thereof.

The General Manager of the Commission has stated that, to the best of his information and belief, all liabilities of the Commission have been disclosed on the balance sheet at December 31, 1960 with the exception of the following contingent liabilities:

- (1) "Permanent awards under the Workmen's Compensation Act for which no reserve has been set up on the books of the Commission.
- (2) Amounts required to meet Non-Contributory Pension Payroll.
- (3) Amounts required to meet awards under the Non-Scheduled Employees Health and Welfare Plan.
- (4) Proceedings carried on in 1960 under a demand by Non-Operating Employees for a wage increase on a graduated basis with retroactive effect to January 1, 1960 are now resumed. To the extent that this may be allowed there may be a contingent liability.
- (5) (a) Guarantee of the Commission given to the Toronto-Dominion Bank at Timmins to cover such loans or overdrafts as may be incurred by Star Transfer Limited from time to time in respect to normal operations of business, and
 (b) to cover the performance of obligations of Star Transfer Limited for construction or the repayment of monies in respect to obligations for construction up to \$100,000.00"

I wish to repeat in part my comments on the Contributory Pension Fund. These comments first appeared in my report of March 13, 1958.

"An actuarial valuation of the Pension Fund was made as of December 31, 1956 by William M. Mercer Limited and reveals that at the above date a deficit of \$15,396,994 existed. As at December 31, 1951 the deficit was \$11,768,100. Since 1948, employees and the Commission have each contributed at a rate of 6% per annum but no payments towards funding the deficit have been made nor has any interest been paid thereon. Thus the Fund is in a very serious position."

These comments are still applicable. Accordingly, I must repeat my recommendation that the Fund should be placed on a sound actuarial basis without delay. Consideration should be given to arranging for another actuarial valuation in order to ascertain the present status of the Fund.

Retained Income Account

The balance at the credit of retained income account as at December 31, 1960 is \$26,256,425.38 and has increased over the comparable figure as at December 31, 1959 by \$194,680.28. This net increase arises from Net Income earned of \$129,500.61 together with sundry credits of \$66,506.27 less total charges of \$1,326.60.

Income Statement

The operating accounts of the Commission show a Net Income of \$129,500.61 for the year ended December 31, 1960. This amount is the net difference between Net Operating Revenue from Commercial Telephone and Telegraph Operations amounting to \$893,318.74 and Net Operating Loss from other operations amounting to \$763,818.13.

During the year under review no interest has been required from the Commission on the loan of \$30,207,934.92 owing to the Province of Ontario.

Your faithfully,

(Signed) H. A. COTNAM, F.C.A.

Provincial Auditor

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

TRAFFIC AND MILEAGE STATISTICS

January 1 to December 31, 1960

PASSENGER TRAFFIC

Number of passengers carried earning revenue	200,081
Number of passengers carried one mile	24,434,653
Number of passengers carried one mile per mile of road	43,148
Average distance carried (miles)	122
Total passenger revenue	785,855.22
Average amount received from each passenger	3.93
Average receipts per passenger per mile (cents)	3.22
Total passenger train service revenue	1,318,628.53
Passenger service train revenue per mile of road	2,328.49
Passenger service train revenue per train mile	2.79

FREIGHT TRAFFIC

Number of tons carried earning revenue	2,224,509
Number of tons carried earning revenue one mile	510,088,486
Number of tons carried earning revenue one mile per mile of road	900,739
Average distance hauled of one ton (mile)	229.89
Total freight revenue	9,687,368.91
Average amount received for each ton	4.35
Average amount received per ton per mile (cents)	1.90
Freight revenue per mile of road	17,106.42
Freight revenue per train mile	13.03

TOTAL TRAFFIC

Operating revenue	14,334,918.76
Operating revenue per mile of road	25,313.29
Operating revenue per train mile	11.79
Operating expense	13,593,696.56
Operating expenses per mile of road	24,004.40
Operating expenses per train mile	11.18
Net operating revenue	741,222.20
Net operating revenue per mile of road	1,308.89

CAR MILEAGE

Average number of passengers carried one mile per car mile	5.6
Average number of passengers carried one mile per train mile	51.7
Average number of passenger cars per train mile	9.2
Mileage of passenger cars	4,368,082
Mileage of loaded freight cars	16,334,888
Mileage of empty freight cars	11,663,983
Average number of freight cars per train mile	38.6
Average number of loaded freight cars per train mile	21.9
Average number of empty freight cars per train mile	15.7
Average number of tons of freight per train mile	685.9
Average number of tons of freight per loaded car mile	31.2
Average number of miles operated during year	566.3

TRAIN MILEAGE

Mileage of revenue passenger trains	472,176
Mileage of revenue freight trains	743,674
Total revenue train mileage	1,215,850

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

DETAILS OF RAILWAY EQUIPMENT

LOCOMOTIVES

	Dec. 31 1959	Additions	Retire- ments	Conver- sions	Dec. 31 1960
Freight — Steam	0	—	—	—	0
Diesel Yard Switchers	4	—	—	—	4
Diesel Road Switchers	22	—	—	—	22
Road 'A' Units	22	—	—	—	22
	<u>48</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>48</u>

PASSENGER EQUIPMENT

First Class	27	1	—	—	28
Combination	5	—	—	—	5
Restaurant	1	1	—	—	2
Lunch & First Class	2	—	—	—	2
Cafe Parlor	1	—	—	—	1
Postal Baggage	19	—	—	—	19
Other (Box Baggage)	2	—	—	—	2
	<u>57</u>	<u>2</u>	<u>—</u>	<u>—</u>	<u>59</u>

FREIGHT REVENUE EQUIPMENT

Box	1020	—	3	—	1017
Flat	166	—	3	—	163
Hopper	100	—	—	—	100
Stock	23	—	1	—	22
	<u>1309</u>	<u>—</u>	<u>7</u>	<u>—</u>	<u>1302</u>
Cabooses	37	—	1	—	36
Steam Generator Unit	0	1	—	—	1

WORK EQUIPMENT

Business Cars	3	—	—	—	3
All Other Cars in Railway Service	235	2	3	—	234
	<u>238</u>	<u>2</u>	<u>3</u>	<u>—</u>	<u>237</u>

HIGHWAY EQUIPMENT

Bus	12	—	2	—	10
Trucks	20	1	1	—	20
Trailers	6	—	—	—	6
Station Wagons	3	—	—	—	3
Volkswagen Coach	—	1	—	—	1
	<u>41</u>	<u>2</u>	<u>3</u>	<u>—</u>	<u>40</u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

MILES OF TRACK OPERATED

At Close of Fiscal Year, December 31, 1960

MAIN LINE

		Miles
North Bay — Timmins	257.20	
Porquis — Cochrane	28.20	
Cochrane — Moosonee	186.20	471.60
		<hr/>

BRANCH LINES

Earlton — Elk Lake	28.50	
Welsh — Iroquois Falls	6.20	
Swastika Junction — Noranda	60.00	94.70
		<hr/>

OTHER TRACKS

Yard Tracks and Sidings	113.94	
Public Track	18.01	
Under Private Siding Agreement	19.24	
Owned Outright by the Industry	5.03	156.22
		<hr/>
		<u>722.52</u>

ANNUAL REPORT

of

STAR TRANSFER LIMITED

(Control acquired by Commission July 11, 1960)

For year Ended

DECEMBER 31st, 1960

Head Office — Timmins, Ontario

STAR TRANSFER LIMITED

BALANCE SHEET

As at December 31, 1960

ASSETS

CURRENT

Cash on hand and in bank	\$ 19,472.87	
Accounts receivable	174,642.15	\$194,115.02

INVESTMENTS—At Cost

Amount paid under investment contract	10,653.60	
(Cash surrender value December 31, 1960—\$10,585.20)		
\$700.00 Canada Bonds 3¾% Sept. 1, 1965	641.70	11,295.30
(Market value—\$659.75)		
Mortgage receivable		21,132.67

FIXED—At Cost

Land	\$ 77,697.53	
Building	\$282,751.30	
DEDUCT—Accumulated depreciation	37,454.87	245,296.43
Trucks and trailers	972,261.24	
DEDUCT—Accumulated depreciation	586,438.24	385,823.00
Equipment	40,742.43	
DEDUCT—Accumulated depreciation	25,582.92	15,159.51
Prepaid and deferred		21,519.88
Shares of another company at cost		500.00
Goodwill		15,000.00
		<u>\$987,539.34</u>

STAR TRANSFER LIMITED

BALANCE SHEET

As at December 31, 1960

LIABILITIES

CURRENT

Bank demand loan secured	\$ 72,650.00	
Bank overdraft	64,713.73	
Accounts payable and accrued	111,512.16	
Notes payable secured	82,106.46	
(maturing within one year)		
Receiver General re employees' tax	5,634.30	
Wages payable and accrued	22,871.81	
Employees' deposits	20,375.47	
Estimated income tax payable	12,427.59	\$392,291.52

DEFERRED

Mortgage payable	\$ 91,875.55	
Notes payable secured	\$107,292.97	
Deduct—Amounts payable within one year	82,106.46	25,186.51
		117,062.06

CAPITAL AND SURPLUS

Capital Stock—		
Preference—		
6% non-cumulative redeemable par value—\$100.00 each		
Authorized—443 shares		
Issued and fully paid — 395 shares	39,500.00	
Common—		
Par value—\$100.00		
Authorized—200 Shares		
Issued and fully paid — 145 shares	14,500.00	
	54,000.00	
Contributed surplus	4,200.00	
Earned surplus	419,985.76	478,185.76
		<u>\$987,539.34</u>

STAR TRANSFER LIMITED

STATEMENT OF PROFIT AND LOSS

For the Year Ended December 31, 1960

REVENUE

Transport trucking	\$ 1,784,346.23	
Deduct — Interline charges	83,462.23	\$ 1,700,884.00
Commission earned		3,715.08
Cold Storage		733.69
Heating and Icing		3,901.13
Rentals		2,707.50
Miscellaneous		3,747.36
		<u>\$ 1,715,688.76</u>

OPERATING EXPENSES

Damages	20,475.51	
Provisions for depreciation—		
Buildings	\$ 12,626.17	
Equipment	4,093.59	
Trucks and trailers	165,352.98	182,072.74
Employees' Pension Fund	3,286.51	
Gasoline and Oil	257,757.73	
Group Insurance	3,814.41	
Heating and Icing	2,827.56	
Insurance	49,579.01	
Licenses	43,628.62	
Light, Heat and Power	7,532.41	
Maintenance—		
Buildings	6,875.08	
Equipment	2,852.55	
Meals	1,746.08	
Miscellaneous	1,386.97	
Municipal Taxes	6,463.59	
Radio Telephone	5,386.92	
Rent	1,809.00	
Repairs, trucks and trailers	137,741.62	
Tires and Tubes	69,317.56	
Unemployment Insurance	6,344.95	
Vacation Pay	22,174.65	
Wages	558,544.90	
Welfare Payments	8,992.00	
Workmen's Compensation	12,700.57	
Administration Expenses, per schedule	222,322.07	1,635,633.01
Operating Profit		80,055.75
Bad debts recovered		182.70
Net Profit before income taxes		80,238.45
Provision for income taxes		15,300.00
Net Profit for the year		<u>\$ 64,938.45</u>

STAR TRANSFER LIMITED

STATEMENT OF EARNED SURPLUS

For the Year Ended December 31, 1960

Balance — January 1, 1960		\$324,804.53
Add:		
Net profit for the year		64,938.45
Profit on disposal of fixed assets		20,759.18
Cash surrender value of life insurance policies	\$ 10,450.00	
Less — Premiums paid	966.40	9,483.60
Balance — December 31, 1960		<u>\$419,985.76</u>

STATEMENT OF CONTRIBUTED SURPLUS

For the Year Ended December 31, 1960

Balance — January 1, 1960	\$ 4,200.00
Balance — December 31, 1960	<u>\$ 4,200.00</u>

STAR TRANSFER LIMITED

AUDITOR'S REPORT

To the Shareholders,
Star Transfer Limited,
Timmins, Ontario.

We have examined the balance sheet of Star Transfer Limited as at December 31, 1960 and the statements of profit and loss and surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of profit and loss and surplus present fairly the financial position of the company as at December 31, 1960 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

EDWARD, BROWNE & CO.
Chartered Accountants.

Toronto, Ontario,
March 7, 1961.

STAR TRANSFER

ADMINISTRATION EXPENSES

For the Year Ended December 31, 1960

Advertising	\$ 5,154.22
Association Dues	2,175.34
Bad Debts	1,852.28
Bank exchange and charges	3,586.03
Finance charges	6,137.37
Interest	7,536.92
Legal, Audit and Collection	4,798.06
Management Salaries	34,531.04
Mortgage Interest	5,254.11
Office and general	8,047.54
Office Salaries	118,146.01
Postage	1,933.18
Salesmen's Expenses	1,638.36
Telephone, Telegraph and Teletype	17,610.71
Travelling	2,325.90
Donations	1,595.00
	<u>\$222,322.07</u>

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(SIXTY-FIRST) ANNUAL REPORT

(OF THE)

**Ontario, Northland Transportation
Commission**

(PROVINCE OF ONTARIO)

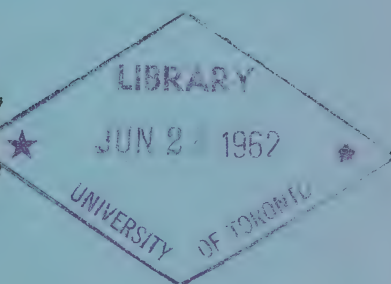
HONOURABLE JOHN P. ROBERTS, Q.C.
Prime Minister

For the Year Ended December 31, 1961

PRINTED by ORDER of
THE LEGISLATIVE ASSEMBLY OF ONTARIO



ONTARIO



TORONTO

Printed and Published by Frank Fogg, Printer to the Queen's
Most Excellent Majesty, 1962

SIXTY-FIRST ANNUAL REPORT
OF THE
**Ontario Northland Transportation
Commission**

ONTARIO GOVERNMENT RAILWAY

HONOURABLE JOHN P. ROBARTS, Q.C.
Prime Minister

For the Year Ended December 31, 1961

PRINTED by ORDER of
THE LEGISLATIVE ASSEMBLY OF ONTARIO
Sessional Paper No. 46, 1962



TORONTO

Printed and Published by Frank Fogg, Printer to the Queen's
Most Excellent Majesty, 1962

TO THE HONOURABLE JOHN KEILLER MACKAY

Lieutenant Governor, The Province of Ontario

MAY IT PLEASE YOUR HONOUR:

The undersigned has the honour of presenting herewith the Sixty-First Annual Report of the Ontario Northland Transportation Commission for the year ended December 31st, 1961.

Respectfully submitted,

R. W. MACAULAY

Minister of Economics and Development.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Hon. Robert W. Macaulay, Q.C.,
Minister of Economics and Development,
Parliament Buildings,
Toronto, Ontario.

Sir:

In conformity with The Ontario Northland Transportation Commission Amendment Act 1960-61, I have the honour of submitting the Sixty-First Annual Report of the Ontario Northland Transportation Commission for the year ended December 31st, 1961.

All of which is respectfully submitted,

C. E. REYNOLDS,
Chairman.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

COL. C. E. REYNOLDS, D.S.O., M.C.	Chairman	North Bay
W. A. JOHNSTON, M.P.P.	Vice-Chairman	South River
J. A. FULLERTON, M.P.P.	Commissioner	Thessalon
ROBERT S. POTTER	Commissioner	Matheson
REGINALD A. AUBERT	Commissioner	Englehart



PRINCIPAL OFFICERS

A. JARDINE	General Manager	North Bay
T. D. SAUNDERS	Chief Engineer	North Bay
J. W. MILLAR	Chief Mechanical Officer	North Bay
H. R. McCLEARY	Superintendent	Englehart
R. P. C. McLEOD	Traffic Manager	North Bay
H. H. PHILLIPS	General Freight & Passenger Agent	North Bay
A. A. HANSMAN	Comptroller	North Bay
E. W. LIDKEA	Auditor of Disbursements	North Bay
G. W. WILLOUGHBY	Auditor of Revenues	North Bay
L. R. HUME	Purchasing Agent	North Bay
E. A. FRITH	Manager of Communications	North Bay
J. BRISBANE	Treasurer	North Bay
R. J. SAYER	Superintendent of Transportation	North Bay
S. W. GOWAN	Secretary	North Bay

ONTARIO NORTHLAND RAILWAY

North Bay, Ontario

March 1st, 1962

Col. C. E. Reynolds, D.S.O., M.C.,

Chairman.

Dear Sir:

I respectfully submit the following report of operations for fiscal year ended December 31, 1961.

The earnings position of the railway continues to deteriorate and an operating deficit for year 1961 was avoided by a very narrow margin. A net amount of \$12,309.14 was carried to retained income account.

Earnings and Expenses	1961	1960	Increase or Decrease
Total Revenues	13,882,796	14,334,919	452,123 (d)
Total Expenses	13,870,487	14,205,369	334,882 (d)
Net Earnings	12,309	129,550	117,241 (d)
Revenue by Classes of Service			
Freight	9,228,398	9,730,001	501,603 (d)
Passenger	830,989	892,839	61,850 (d)
Mail	168,241	171,351	3,110 (d)
Express	356,615	352,267	4,348 (i)
Communications	2,905,844	2,755,424	150,420 (i)
Other	392,709	433,037	40,328 (d)
	13,882,796	14,334,919	452,123 (d)

The decline in net revenue can again be attributed to the further substantial reduction in freight revenues amounting to over a half million dollars and to the continuing trend of lower passenger returns which declined by \$61,850 in 1961. Miscellaneous services also declined by a substantial amount.

Communications continued their steady growth with gross revenues increasing by approximately \$150,000.

Every effort was made to effect economies of operation and expenses were substantially reduced. However, a serious mishap early in 1961 resulted in a loss of almost \$200,000 which prevented a further reduction.

Financial

Debentures in the amount of \$754,000 matured in 1961 and were retired. All interest payments were met in full. Temporary borrowing stood at \$2,200,000 at year's end.

Pension Fund

The number of persons on railway pension payrolls as at December 31, 1961, was as follows—

	Employees	Dependents	Total	Pensions Paid December 1961
Contributory Plan	379	221	600	\$ 62,146.50
Non-Contributory Plan	16	—	16	931.86
	<u>395</u>	<u>221</u>	<u>616</u>	<u>\$ 63,078.36</u>

Fire Insurance Reserve Fund

This fund now stands at \$251,415 and the earnings are sufficient to cover average fire losses. Further contributions by the Railway will not be required unless a major fire seriously depletes the Fund.

Employer-Employee Relationship

The movement of the Non-operating Employees for wage increases and other benefits, which was instituted in 1959, was settled in 1961, on the following basis—

Wage Increases:

Effective January 1, 1960 - Two cents per hour.

Effective September 1, 1960 - An additional five cents per hour added to rates in effect December 31, 1959.

Effective May 1, 1961 - An additional four per cent added to rates in effect December 31, 1959.

Four weeks vacation to be allowed after twenty-five years service instead of after thirty-five years as formerly. This settlement was for a two year period expiring December 31st, 1961.

Under date of December 20, 1961, notice was served by the Non-operating Employees of their desire to revise current agreements to provide for the following—

- (1) Effective January 1, 1962, increase all rates of pay by five and three-quarters per cent (5¾), plus eleven cents per hour.
- (2) Effective with calendar year 1962 and each calendar year thereafter, the railway to provide employment equivalent to not less than the total number of positions and straight time hours during the year 1961, or the immediately preceding calendar year for each year after 1962 - with provision for a one per cent reduction due to death, retirement, resignation or dismissal.
- (3) Revise Employee Benefit Plan to provide for maximum of \$50.00 weekly indemnity.
- (4) Extend benefits of Employee Benefit Plan to include employees (non-operating) who have retired subsequent to January 1, 1957 or retire subsequent to January 1, 1962.
- (5) Railways to bear cost contingent upon changes in the Benefit Plan.

These demands are not yet resolved.

Commercial Communications

This branch of the service continues to expand with volume of traffic increasing year by year. As a result of this growth, it has been apparent for some time that the present plant would shortly be inadequate and that additional facilities would be necessary if an efficient service was to be maintained.

In consideration of the present demands and the known requirements over the next few years, as well as to meet future growth, study has been given as to the best method of providing facilities of a suitable and adequate nature and the conclusion has been reached that a microwave system offers the most satisfactory solution of the matter. Accordingly, a programme providing for construction of a microwave system between North Bay and Moosonee and possibly between Cochrane and Hearst has been prepared and will commence in 1962. An investment of between six and seven million dollars will be involved.

Substantial revenues will be derived from this new system when it becomes operative and it will provide ample facilities to handle future demands for communications services for a very long period.

Prospective

In my report covering year 1960, I stated that it was difficult to contemplate operation of the railway and miscellaneous services in the foreseeable future without serious concern as to its ability to avoid deficit financing. While a deficit was avoided in 1961, the earnings situation continued to deteriorate with profits reduced to almost nil.

Further substantial expansion of communications services and the development of iron ore properties in the area served by the railway offer the possibility of increased revenues within the next two or three years. However, these things involve extensive capital investment with corresponding increases in operating costs and these increases, along with the continuing requests for upward wage revisions by the employees and rising material costs, create a situation where it is extremely difficult to operate at a profit, even with increased revenues.

Yours truly,

A. JARDINE,

General Manager.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Balance Sheet as at December 31st, 1961

ASSETS

INVESTMENTS

Road	\$ 55,450,495.54		
Leased Property—			
Improvements	3,003,388.93		
Miscellaneous	409,467.36		
	58,863,351.83		
Less—Accumulated			
Depreciation	10,693,725.27	\$ 48,169,626.56	
Equipment	22,572,859.61		
Floating Equipment	412,783.61		
	22,985,643.22		
Less—Accumulated			
Depreciation	9,760,581.53	13,225,061.69	
Investment in Wholly Owned Subsidiaries:			
Nipissing Central			
Railway	4,943,361.00		
Less—Retirement			
Reserve	674,373.71		
	4,268,987.29		
Star Transfer Limited	691,800.21	4,960,787.50	\$ 66,355,475.75

CURRENT ASSETS

Cash in Bank	\$ 76,483.95		
Agents' and Conductors' Balances	1,137,236.30		
Accounts Receivable	275,159.23		
Traffic Balances	96,023.95		
Material and Supplies	2,246,875.14		
Other Assets	6,331.52	\$ 3,838,110.09	

DEFERRED ASSETS

Pension Fund — Contributory	\$ 7,216,177.25		
Fire Insurance Fund	251,415.05	\$ 7,467,592.30	

UNADJUSTED DEBITS

Ballast Pits	\$ 50,861.35		
Other Unadjusted Debits	26,359.87	\$ 77,221.22	
		<u>\$ 77,738,399.36</u>	

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Balance Sheet as at December 31st, 1961

LIABILITIES

LOAN FROM THE PROVINCE OF ONTARIO

Loan without Interest	\$ 30,207,934.92
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LONG TERM DEBT

Instalment Debentures 4% 1962-68—		
Payable in Canadian or U. S. Funds		
Guaranteed by Province of Ontario	\$ 2,044,000.00	
Less Included in Current Liabilities	264,000.00	\$ 1,780,000.00

Instalment Debentures 4% 1962		
Payable in Canadian Funds.		
Guaranteed by Province of Ontario ..	500,000.00	
Less—Included in Current Liabilities	500,000.00	

Debentures 4¼% 1968—		
Payable in Canadian Funds		
Guaranteed by Province of Ontario	5,500,000.00	\$ 7,280,000.00

CURRENT LIABILITIES

Instalment Debentures due in 1962	\$ 764,000.00	
Demand Loan, Guaranteed by Province of Ontario 5½%	2,200,000.00	
Demand Loan from Province of Ontario 5½%	2,000,000.00	
Accounts, Wages and Salaries	1,250,604.46	
Traffic Balances	153,633.80	
Debenture Interest	60,190.27	\$ 6,428,428.53

DEFERRED LIABILITIES

Pension Fund Reserve — Contributory	\$ 7,216,177.25	
Fire Insurance Fund Reserve	251,415.05	\$ 7,467,592.30

UNADJUSTED CREDITS

Fidelity Insurance Reserve	\$ 3,610.43	
Other Unadjusted Credits	62,760.54	\$ 66,370.97
Donations and Grants Railway Property		\$ 7,206.00
Retained Income		\$ 26,280,866.64
		<u>\$ 77,738,399.36</u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

RETAINED INCOME ACCOUNT

For the Year Ended December 31st, 1961

BALANCE—

December 31st, 1960	\$ 26,256,425.38
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ADD

Net Income for the year ended		
December 31, 1961	\$ 12,309.14	
Proceeds from Railway Health and		
Welfare Fund	\$ 6,486.03	
Sundry Net Credits	\$ 6,334.25	25,129.42
		<u>\$ 26,281,554.80</u>

DEDUCT—

Sundry Net Debits	\$ 688.16
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BALANCE—

December 31st, 1961	<u>\$ 26,280,866.64</u>
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ONTARIO NORTHLAND TRANSPORTATION COMMISSION

AUDITOR'S CERTIFICATE

I have examined the balance sheet of the Ontario Northland Transportation Commission as at December 31, 1961 and the related income statement and retained income account for the year ended on that date. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion, the accompanying balance sheet and the related income statement and retained income account present fairly the financial position of the Commission as at December 31, 1961, and the results of its operations for year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

(Signed) H. A. COTNAM, F.C.A.

Provincial Auditor

Toronto, Ontario,
March 21, 1961.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

INCOME STATEMENT

For the Year Ended December 31, 1961

With Comparative Figures for the Year Ended December 31, 1960

	Year Ended Dec. 31, 1961	Year Ended Dec. 31, 1960
RAILWAY OPERATING REVENUE		
(For details see Schedule A attached)		

Freight Services	\$ 9,228,398.31	\$ 9,730,001.57
Passenger Services	830,989.52	892,839.69
Express	356,615.73	352,267.24
Communications (Commercial)	2,905,843.67	2,755,424.01
All Other	560,949.00	604,386.25
Total Operating Revenue	\$ 13,882,796.23	\$ 14,334,918.76

	Year Ended Dec. 31, 1961	Year Ended Dec. 31, 1960
RAILWAY OPERATING EXPENSE		
(For details see Schedule B attached)		

Road Maintenance	\$ 3,091,472.50	\$ 3,142,627.85
Equipment Maintenance	2,596,161.12	2,745,655.33
Traffic	106,961.25	105,301.51
Transportation	4,065,797.07	4,022,816.31
Miscellaneous Operations	151,658.31	158,505.37
Communications (Commercial)	1,913,961.93	1,862,105.27
General	869,891.34	881,825.61
Other - Bus, Boat, Tourist Camp	327,711.75	333,072.01
Total Operating Expense	\$ 13,123,615.27	\$ 13,251,909.26
Net Revenue from Railway Operations	\$ 759,180.96	\$ 1,083,009.50

TAXES AND RENTS

Railway Tax Accruals	\$ 99,219.39	\$ 105,346.08
Equipment Rents	\$ 109,092.78	267,413.86
Joint Facility Rents	29,723.66Cr	30,972.64Cr
Total Taxes and Rents	\$ 178,588.51	\$ 341,787.30
Net Railway Operating Surplus	\$ 580,592.45	\$ 741,222.20

OTHER INCOME

Miscellaneous	\$ 930.67	\$ 1,447.01
Other Rents	511.02Dr	404.45Dr
Other Income Charges	1,439.66Cr	46,634.93Dr
Total Other Income	\$ 1,859.31	\$ 45,592.37Dr
Surplus Before Fixed Charges	\$ 582,451.76	\$ 695,629.83

FIXED CHARGES

Interest on Funded Debt	\$ 351,376.74	\$ 381,651.28
Interest on Unfunded Debt	218,765.88	184,477.94
Total Fixed Charges	\$ 570,142.62	\$ 566,129.22
Net Income carried to Retained Income Account	\$ 12,309.14	\$ 129,500.61

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

DETAILS OF OPERATING REVENUE

For the Year Ended December 31, 1961

With Comparative Figures for the Year Ended December 31, 1960

SCHEDULE A	Year Ended Dec. 31, 1961	Year Ended Dec. 31, 1960
FREIGHT SERVICES		
Freight	\$ 9,185,082.59	\$ 9,687,368.91
Switching	11,572.62	17,759.05
Demurrage	30,855.40	23,848.97
Storage	887.70	1,024.64
Total	\$ 9,228,398.31	\$ 9,730,001.57

PASSENGER SERVICES

Passenger	\$ 725,541.07	\$ 785,855.22
Dining and Buffet Car	62,898.80	63,039.89
Station Train and Boat Privileges	5,851.12	5,276.60
News Service and Restaurants	33,071.22	35,264.91
Baggage Transportation and Storage	3,627.31	3,403.07
Total	\$ 830,989.52	\$ 892,839.69

EXPRESS SERVICES

Express	\$ 356,615.73	\$ 352,267.24
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COMMUNICATIONS (Commercial)

Telegraphs	\$ 263,425.99	\$ 282,382.13
Telephone	2,642,417.68	2,473,041.88
Total	\$ 2,905,843.67	\$ 2,755,424.01

ALL OTHER

Mail	\$ 168,241.42	\$ 171,351.25
Boat Lines	101,612.45	106,348.76
Highway Transport — Bus	95,164.02	113,872.51
Tourist Camps	86,253.48	65,755.86
Rent of Buildings and Other Property	76,277.41	76,098.65
Miscellaneous	32,657.45	70,408.48
Milk	5,536.11	5,916.70
Joint Facilities	4,793.34 Dr	5,365.96 Dr
Total	\$ 560,949.00	\$ 604,386.25
Total Operating Revenue	\$ 13,882,796.23	\$ 14,334,918.76

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

DETAILS OF OPERATING EXPENSE

For the Year Ended December 31, 1961

With Comparative Figures for the Year Ended December 31, 1960

SCHEDULE B	Year Ended Dec. 31, 1961	Year Ended Dec. 31, 1960
ROAD MAINTENANCE		
SUPERINTENDENCE	\$ 97,734.65	\$ 94,951.53
TRACK AND ROADWAY		
Track and Roadway Maintenance	\$ 1,233,340.34	\$ 1,287,238.26
Ties	16,586.55	10,748.96
Rails	34,356.93	11,682.12
Other Track Material	52,786.49	62,755.96
Ballast	1,835.70	6,553.37
Fences, Snowsheds and Signs	11,647.66	15,443.75
Small Tools and Supplies	39,182.19	32,707.49
Removing Snow, Ice and Sand	139,925.90	181,875.38
Total	\$ 1,529,661.76	\$ 1,609,005.29
BRIDGES AND STRUCTURES		
Tunnels, Bridges and Culverts	\$ 84,129.07	\$ 64,237.72
Station and Office Buildings	150,967.06	176,849.99
Roadway Buildings	52,054.68	50,897.48
Water and Fuel Stations	12,254.19	10,795.94
Shops and Enginehouses	71,960.37	82,551.77
Power Plant Systems	7,546.58	6,225.38
Other Structures	1,749.12	1,013.45
Total	\$ 380,661.07	\$ 392,571.73
RAILWAY COMMUNICATIONS AND SIGNAL SYSTEMS		
Communications Rail	\$ 19,773.42	\$ 21,093.83
Signals	126,764.52	95,578.57
Total	\$ 146,537.94	\$ 116,672.40
MISCELLANEOUS		
Roadway Machines	\$ 44,199.76	\$ 48,458.78
Injuries to Persons	28,266.74	30,633.38
Insurance	129.17	315.50
Stationery	1,076.56	900.40
Other Expense	28,127.84	34,839.75
Total	\$ 101,800.07	\$ 115,147.81
DEPRECIATION AND RETIREMENTS		
Road and Property Depreciation	\$ 879,692.00	\$ 865,892.40
Dismantling Retired Road Property	4,517.05	5,908.24
Total	\$ 884,209.05	\$ 871,800.64
JOINT FACILITIES		
Maintaining Joint Facilities	\$ 49,132.04Cr	\$ 57,521.55Cr
Total Road Maintenance	\$ 3,091,472.50	\$ 3,142,627.85

EQUIPMENT MAINTENANCE

	Year Ended Dec. 31, 1961	Year Ended Dec. 31, 1960
SUPERINTENDENCE	\$ 106,867.15	\$ 112,124.71
MACHINERY		
Shop and Power Plant Machinery	\$ 51,395.65	\$ 54,129.62
EQUIPMENT		
Diesel Locomotives	\$ 634,993.82	\$ 714,975.11
Freight Train Cars	606,768.26	656,257.55
Passenger Train Cars	362,101.00	378,478.60
Work Equipment	56,378.14	67,993.83
Other Equipment	1,405.09	837.61
Total	\$ 1,661,646.31	\$ 1,818,542.70
MISCELLANEOUS		
Injuries to Persons	\$ 19,210.67	\$ 10,557.21
Insurance	218.55	358.86
Stationery	3,519.61	3,383.26
Total	\$ 22,948.83	\$ 14,299.33
DEPRECIATION AND RETIREMENTS		
Other Equipment and Machinery Depreciation	\$ 31,806.00	\$ 29,392.81
Dismantling Retired Equipment	1,499.34	561.89
Rolling Stock Depreciation	733,714.21	732,003.85
Total	\$ 767,019.55	\$ 761,958.55
JOINT FACILITIES		
Maintaining Joint Facilities	\$ 13,716.37Cr	\$ 15,399.58Cr
Total Equipment Maintenance	\$ 2,596,161.12	\$ 2,745,655.33

TRAFFIC

Superintendence	\$ 89,065.07	\$ 86,558.30
Agencies	1,671.84	\$ 1,605.10
Advertising	4,201.93	3,966.76
Associations	4,339.20	4,076.40
Stationery	6,921.65	8,632.30
Other Expenses	761.56	462.65
Total Traffic	\$ 106,961.25	\$ 105,301.51

	Year Ended Dec. 31, 1961	Year Ended Dec. 31, 1960
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TRANSPORTATION

SUPERVISION

Superintendence	\$ 153,741.62	\$ 147,622.14
Dispatching	87,043.63	82,638.01
Total	\$ 240,785.25	\$ 230,260.15

STATION SERVICES

Station Employees	\$ 913,030.47	\$ 890,371.39
Weighing, Inspecting and Demurrage	1,908.07	1,978.30
Station Expenses	69,193.20	70,029.56
Total	\$ 984,131.74	\$ 962,379.25

YARD SERVICES

Yardmasters and Clerks	\$ 201,610.73	\$ 188,946.74
Yard Trainmen	252,359.90	256,487.37
Yard Switchmen	8,716.71	6,980.45
Yard Enginemen	170,331.82	163,384.19
Yard Locomotive Fuel and Power	25,424.55	29,379.91
Yard Locomotive Water	299.02	305.52
Yard Locomotive Other Supplies	1,282.48	1,198.00
Yard Enginehouse Expense	9,814.80	13,015.02
Yard Other Expense	6,918.81	7,929.82
Total	\$ 676,758.82	\$ 667,627.02

TRAIN OPERATIONS

Train Enginemen	\$ 503,251.02	\$ 492,591.52
Train Locomotive Fuel and Power	505,404.07	575,658.54
Train Locomotive Water	7,026.21	8,536.73
Train Locomotive Other Supplies	28,932.43	33,868.79
Train Enginehouse Expense	237,866.87	254,084.61
Trainmen	591,517.65	612,898.02
Train Other Expense	361,740.38	282,635.30
Total	\$ 2,235,738.63	\$ 2,260,273.51

MISCELLANEOUS

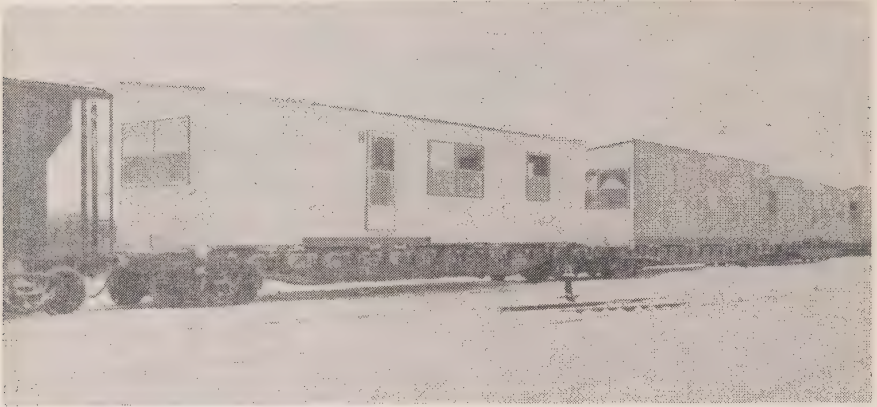
Signal Operations	\$ 1,169.62	\$ 1,647.31
Crossing Protection	5,431.93	6,060.04
Stationery	27,604.32	23,811.47
Other Expense	26,203.78	16,219.80
Total	\$ 60,409.65	\$ 47,738.62

CASUALTY COSTS

Insurance	\$ —	\$ 27.97
Clearing Wrecks	29,375.33	41,396.26
Damage to Property	138.75	529.06
Loss and Damage — Freight	96,597.00	66,557.06
Loss and Damage — Baggage	61.79	67.53
Injuries to Persons	35,078.66	31,896.63
Total	\$ 161,251.53	\$ 140,474.51

JOINT FACILITIES

Operating Joint Yards and Terminals	\$ 293,278.55Cr	\$ 285,936.75Cr
Total Transportation	\$ 4,065,797.07	\$ 4,022,816.31



Steady development in the James Bay region was noted in 1961. Above, pre-built homes are shipped by rail to Moosonee.



A view of the railway siding at Moosonee, where pre-built homes were removed from railway cars and placed on floats for transportation to site.



A partial view of the settlement which contains 121 homes. They will house personnel manning adjacent R.C.A.F. base.



This building at Moosonee will house expanded facilities of Communications Department. A major improvement programme for Communications department is now in progress.



Shipping facilities at Moosonee will be enhanced by addition of all-steel barging tug operated by Hudson's Bay Company. Tug will be launched in spring of 1962.



Power development at Otter Rapids commenced in 1961 with initial output of 86,000 kilowatts. Provision for extra generators might make this largest hydro-electric plant in Northern Ontario.

Year Ended
Dec. 31, 1961

Year Ended
Dec. 31, 1960

MISCELLANEOUS OPERATIONS

Dining and Buffet Service	\$ 115,290.99	\$ 119,237.69
News Service and Restaurants	33,518.35	35,421.11
Other Operations	2,848.97	3,846.57
Total Miscellaneous Operations	<u>\$ 151,658.31</u>	<u>\$ 158,505.37</u>

COMMUNICATIONS (Commercial)

Telegraph Maintenance	\$ 113,588.52	\$ 120,570.39
Telegraph Conducting Operations	106,692.84	108,318.92
Telegraph General	24,307.86	23,020.71
Telegraph Municipal Taxes	2,022.47	2,142.13
Telephone Maintenance	554,629.28	555,212.20
Telephone Conducting Operations	948,882.27	888,100.83
Telephone General	146,533.50	148,267.57
Telephone Municipal Taxes	17,305.19	16,472.52
Total Commercial Communications	<u>\$ 1,913,961.93</u>	<u>\$ 1,862,105.27</u>

GENERAL

General Officers	\$ 121,568.40	\$ 125,692.33
Clerks and Attendants	277,639.36	282,666.62
Office Expense	9,528.57	10,088.98
Law Expense	16,638.18	12,827.29
Insurance	39.30	144.28
Pensions	439,926.72	443,334.05
Stationery	13,442.60	15,022.67
Other Expense	12,603.24	14,479.60
General Joint Facilities	21,495.03Cr	22,430.21Cr
Total General	<u>\$ 869,891.34</u>	<u>\$ 881,825.61</u>

OTHER

Highway Transport Operations		
Bus	\$ 115,360.76	\$ 128,698.76
Boat Line Operations	141,561.59	144,883.15
Tourist Camp Operations	70,789.40	59,490.10
Total Other	<u>\$ 327,711.75</u>	<u>\$ 333,072.01</u>
Total Operating Expense	<u>\$ 13,123,615.27</u>	<u>\$ 13,251,909.26</u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

SOURCE AND APPLICATION OF FUNDS

For the Year Ended December 31, 1961

SOURCE OF FUNDS

From Operations

Net Income for the year		\$	12,309.14
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Charges to Operations not requiring funds

Provision for Depreciation	\$	1,892,131.00	
Provision for Wage Adjustment		60,000.00	
Sundry Retirements (net)		2,359.16	1,954,490.16

Net decreases in Assets

Cash in Bank	\$	18,660.91	
Other		53,438.65	72,099.56

Increase in Bank Loan			300,000.00
	\$		2,338,898.86

APPLICATION OF FUNDS

Sundry Property Investment in 1961

Road, Improvements—			
Leased Lines, Equipment	\$	1,531,908.85	
Less—Items not requiring funds		32,790.16	\$ 1,499,118.69

Net Decrease in Liabilities			81,780.17
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Decrease in Debenture Debt			758,000.00
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	\$	2,338,898.86
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ONTARIO NORTHLAND TRANSPORTATION COMMISSION**AUDITOR'S REPORT**

Toronto, March 21, 1962

To the Chairman and Members of the
Ontario Northland Transportation Commission,
North Bay, Ontario

Dear Sirs:

In accordance with Section 39 of The Ontario Northland Transportation Commission Act, I have conducted an audit of the books, records and accounts of the Commission for the year ended December 31, 1961 and comment thereon as follows:

Balance Sheet

The cash in banks at December 31, 1961 was reconciled with the balances shown on letters of confirmation received direct from the banks concerned. The securities held at December 31, 1961 were verified by examination and reconciliation with the related records. The Contributory Pension Fund of \$7,216,177.25 is made up of securities shown at cost value of \$7,136,951.78 together with cash on hand of \$79,225.47. The Fire Insurance Fund of \$251,415.05 is made up of securities shown at cost value of \$247,403.12 together with cash on hand of \$4,011.93.

The Nipissing Central Railway is a wholly owned subsidiary of the Ontario Northland Transportation Commission. By agreement, the Commission operates the property of the Nipissing Central Railway as part of its system.

The Commission has complete control of Star Transfer Limited through acquisition of all the outstanding shares of the Company in 1960. The head office of Star Transfer Limited is located at Timmins, Ontario and its operations are conducted entirely separate from those of the Ontario Northland Railway. The operations of Star Transfer Limited for the year ended December 31, 1961 resulted in a net profit but no dividend was declared by the Company and therefore there was no income received by the Commission from this source.

Material and Supplies of the Commission had a total book value of \$2,246,875.14 at December 31, 1961 which is a decrease of \$33,831.38 from the related total at December 31, 1960.

A physical inventory of Materials and Supplies was taken by the Ontario Northland Railway as at August 31, 1961. In connection therewith I have received certificates from responsible officers to the effect:

- (a) That the quantities were determined by actual physical count, weight or measurement or by conservative estimate where actual count, weight or measurement was impracticable, and:
- (b) That the basis of Inventory pricing was laid down cost for new materials and estimated utility or sales value for usable reclaimed, obsolete and scrap materials, after making reasonable pricing allowances for condition thereof.

The General Manager and the Comptroller of the Commission have stated that, to the best of their information and belief, all liabilities of the Commission have been disclosed on the balance sheet at December 31, 1961 with the exception of the following contingent liabilities:

- (a) "Permanent awards under The Workmen's Compensation Act for which no reserve has been set up in the books of the Commission.
- (b) Amounts required to meet Non-Contributory Pension Payroll.
- (c) Contracts with the Operating Employees expired in April and May 1961 and negotiations on new contracts are not yet completed. To the extent that adjustment of wages or other benefits may be retroactive to the expiry date of the contracts, there will exist a contingent liability.
- (d) (i) Guarantee of the Commission given to the Toronto Dominion Bank at Timmins to cover such loans or overdrafts as may be incurred by Star Transfer Limited from time to time in respect to normal operation of the business, and
(ii) To cover the performance of obligations of Star Transfer Limited for construction or the repayment of monies in respect to obligations for construction up to \$100,000.00".

During 1961 the Commission entered into a special programme for the extension of communications facilities for which capital expenditures are estimated to be \$4,000,000 in 1962 and \$3,200,000 in 1963.

As in previous years I wish to draw attention to the serious position of the Contributory Pension Fund. Five years have now passed since the last actuarial examination of the Fund, conducted by William M. Mercer Limited, as of December 31, 1956. The actuary stated that an estimated deficit in the Fund of \$15,396,994 existed at that date. No subsequent action has been taken by the Commission to fund this deficit. It is recommended that arrangements should be made without delay for another actuarial valuation of the Fund and that any deficit which may be disclosed should be funded over an agreed period of years.

Retained Income Account

The balance at the credit of retained income account as at December 31, 1961 is \$26,280,866.64 and has increased over the comparable figure as at December 31, 1960 by \$24,441.26. This net increase arises from Net Income earned of \$12,309.14 together with sundry credits of \$12,820.28 less charges of \$688.16.

Income Statement

The operating accounts of the Commission show a Net Income of \$12,309.14 for the year ended December 31, 1961. This amount is the net difference between Net Operating Revenue from Commission Telephone and Telegraph Operations amounting to \$991,881.74 and Net Operating Loss from other operations amounting to \$979,572.60.

During the year under review no interest has been required from the Commission on the loan of \$30,207,934.92 owing to the Province of Ontario.

Statement of Source and Application of Funds

This statement has been added to the report for the purpose of showing the major changes in operating capital during the audit period.

Yours faithfully,

(Signed) H. A. COTNAM, F.C.A.
Provincial Auditor.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

TRAFFIC AND MILEAGE STATISTICS

January 1 to December 31, 1961

PASSENGER TRAFFIC

Number of passengers carried earning revenue	179,481
Number of passengers carried one mile	22,542,814
Number of passengers carried one mile per mile of road	39,807
Average distance carried (miles)	125.6
Total Passenger revenue	725,541.07
Average amount received from each passenger	4.05
Average receipts per passenger per mile (cents)	3.22
Total passenger train service revenue	1,259,421.29
Passenger service train revenue per mile of road	2,223.94
Passenger service train revenue per train mile	2.68

FREIGHT TRAFFIC

Number of tons carried earning revenue	2,241,134
Number of tons carried earning revenue one mile	493,498,000
Number of tons carried earning revenue one mile per mile of road	871,443
Average distance haul of one ton (miles)	220.2
Total freight revenue	9,185,082.59
Average amount received for each ton	4.10
Average amount received per ton per mile (cents)	1.86
Freight revenue per mile of road	16,219.46
Freight revenue per train mile	13.18

TOTAL TRAFFIC

Operating revenue	13,882,796.23
Operating revenue per mile of road	24,514.91
Operating revenue per train mile	11.91
Operating expense	13,302,203.78
Operating expenses per mile of road	23,489.68
Operating expenses per train mile	11.41
Net operating revenue	580,592.45
Net operating revenue per mile of road	1,025.24

CAR MILEAGE

Average number of passengers carried one mile per car mile	5.6
Average number of passengers carried one mile per train mile	48.1
Average number of passenger cars per train mile	8.6
Mileage of passenger cars	4,052,889
Mileage of loaded freight cars	15,642,616
Mileage of empty freight cars	11,461,515
Average number of freight cars per train mile	39.8
Average number of loaded freight cars per train mile	22.4
Average number of empty freight cars per train mile	16.4
Average number of tons of freight per train mile	708.2
Average number of tons of freight per loaded car mile	31.5
Average number of miles operated during year	566.3

TRAIN MILEAGE

Mileage of revenue passenger trains	469,128
Mileage of revenue freight trains	696,826
Total revenue train mileage	1,165,954

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

DETAILS OF RAILWAY EQUIPMENT

LOCOMOTIVES

	Dec. 31 1960	Additions	Retire- ments	Conver- sions	Dec. 31 1961
Freight — Steam	0	—	—	—	0
Diesel Yard Switchers	4	—	—	—	4
Diesel Road Switchers	22	—	—	—	22
Road "A" Units	22	—	—	—	22
	<u>48</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>48</u>

PASSENGER EQUIPMENT

First Class	28	—	1	—	27
Combination	5	1	1	—	5
Restaurant	2	—	—	—	2
Lunch & First Class	2	—	—	—	2
Cafe Parlour	1	—	—	—	1
Postal Baggage	19	—	1	—	18
Other (Box Baggage)	2	—	—	—	2
	<u>59</u>	<u>1</u>	<u>3</u>	<u>—</u>	<u>57</u>

FREIGHT REVENUE EQUIPMENT

Box	1017	—	3	—	1014
Flat	163	—	1	—	162
Hopper	100	—	—	—	100
Stock	22	—	—	—	22
	<u>1302</u>	<u>—</u>	<u>4</u>	<u>—</u>	<u>1298</u>
Cabooses	36	—	—	—	36
Steam Generator Units	1	—	—	—	1

WORK EQUIPMENT

Business Cars	3	—	—	—	3
All other cars in Railway Service	234	—	2	—	232
	<u>237</u>	<u>—</u>	<u>2</u>	<u>—</u>	<u>235</u>

HIGHWAY EQUIPMENT

Bus	10	—	2	—	8
Trucks	20	5	7	—	18
Trailers	6	—	—	—	6
Station Wagons	3	1	1	—	3
Volkswagon Coach	1	1	—	—	2
	<u>40</u>	<u>7</u>	<u>10</u>	<u>—</u>	<u>37</u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

MILES OF TRACK OPERATED

At close of Fiscal Year, December 31, 1961

MAIN LINE

	Miles	
North Bay — Timmins	257.20	
Porquis — Cochrane	28.20	
Cochrane — Moosonee	186.20	471.60
	<u> </u>	

BRANCH LINES

Earlton — Elk Lake	28.50	
Welsh — Iroquois Falls	6.20	
Swastika Junction — Noranda	60.00	94.70
	<u> </u>	

OTHER TRACKS

Yard Tracks and Sidings	112.40	
Public Tracks	19.38	
Under Private Siding Agreement	17.07	
Owned Outright by the Industry	4.94	153.79
	<u> </u>	<u> </u>
		<u>720.09</u>

ANNUAL REPORT

of

STAR TRANSFER LIMITED

For Year Ended

DECEMBER 31st, 1961

Head Office

TIMMINS, ONTARIO

STAR TRANSFER LIMITED

(Incorporated under the laws of Ontario as a Private Company)

BALANCE SHEET

as at December 31, 1961

ASSETS**CURRENT**

Cash on hand and in bank	\$	9,747.08	
Accounts receivable		201,197.54	
Accrued interest		68.75	\$ 211,013.37

INVESTMENTS—At Cost

Amount paid under investment contract	\$	12,043.20	
(Cash surrender value December 31, 1961—\$12,583.20)			
Government of Canada Bonds		4,363.50	16,406.70
(Market value — \$4,421.25)			
Mortgage receivable			20,203.31

FIXED—At Cost

Land		78,697.53	
Buildings	\$	302,683.63	
Less—Accumulated Depreciation		50,485.87	252,197.76
Trucks and Trailers		1,082,071.48	
Less—Accumulated Depreciation		730,619.48	351,452.00
Equipment, Furniture and Fixtures		43,081.43	
Less—Accumulated Depreciation		28,924.27	14,157.16
Prepaid expenses and deferred charges			18,598.57
Shares of another company — at cost			500.00
Goodwill			15,000.00
			<u>\$ 978,226.40</u>

STAR TRANSFER LIMITED

(Incorporated under the laws of Ontario as a Private Company)

BALANCE SHEET

as at December 31, 1961

LIABILITIES

CURRENT

Accounts payable and accrued charges	\$	122,173.46	
Notes payable secured (maturing within one year)		8,000.00	
Mortgages payable (maturing within one year)		9,064.97	
Receiver General re employees' tax		7,185.05	
Wages payable and accrued		27,526.00	
Employees' deposits		27,215.19	
Estimated income tax payable		2,153.98	\$ 203,318.65

DEFERRED

Mortgages payable	\$	83,705.28	
Less—Amounts payable within one year		9,064.97	74,640.31
Notes payable secured		28,610.00	
Less—Amounts payable within one year		8,000.00	20,610.00
			95,250.31

CAPITAL and SURPLUS

Capital Stock—			
Preference			
6% non-cumulative redeemable par value — \$100.00 each Authorized — 443 shares Issued and fully paid — 395 shares		39,500.00	
Common			
Par value — \$100.00 each Authorized — 200 shares Issued and fully paid — 145 shares		14,500.00	
		54,000.00	
Contributed surplus		4,200.00	
Earned surplus		621,457.44	679,657.44
			\$ 978,226.40

STAR TRANSFER LIMITED

STATEMENT OF PROFIT AND LOSS

For the year ended December 31, 1961

REVENUE

Transport and trucking	\$ 2,034,715.19	
Less—Interline charges	116,599.34	\$ 1,918,115.85
Commission Earned		3,379.41
Cold Storage		694.11
Heating and icing		4,247.01
Rentals		2,670.00
Miscellaneous		2,270.87
Bond Interest		67.07
		<u>\$ 1,931,444.32</u>

EXPENSES

Damages	14,541.78	
Provision for depreciation—		
Buildings	\$ 13,031.00	
Equipment	3,539.00	
Trucks and Trailers	150,622.92	167,192.92
Employees' pension fund	3,823.18	
Gasoline and oil	280,948.90	
Group Insurance	4,073.85	
Heating and Icing	2,828.98	
Insurance	52,519.88	
Licenses	47,678.25	
Light, heat, power and water	8,655.06	
Maintenance—		
Buildings	11,643.81	
Equipment	2,473.95	
Meals	3,096.01	
Miscellaneous	2,378.78	
Municipal taxes	9,767.45	
Radio telephone	5,566.24	
Rent	2,695.50	
Repairs, Trucks and Trailers	142,378.74	
Tires and tubes	69,884.26	
Unemployment insurance	6,534.98	
Vacation Pay	24,220.30	
Wages	612,026.26	
Welfare payments	9,712.00	
Workmen's compensation	16,846.19	
Administration expenses, per schedule	229,226.47	1,730,713.74
Net profit for the year		<u>\$ 200,730.58</u>

STAR TRANSFER LIMITED

STATEMENT OF EARNED SURPLUS

For the year ended December 31, 1961

Balance — December 31, 1960				\$ 419,985.76
Net profit for the year	\$ 200,730.58			
Bad debts recovered		876.46		
			\$ 201,607.04	
Less:				
Loss on disposal of fixed assets	\$ 51.85			
Corporation tax adjustment	83.51	135.36		201,471.68
Balance — December 31, 1961				<u>\$ 621,457.44</u>

STATEMENT OF CONTRIBUTED SURPLUS

For the year ended December 31, 1961

Balance — December 31, 1961 (no change during 1961)	<u>\$ 4,200.00</u>
---	--------------------

STAR TRANSFER LIMITED

AUDITOR'S REPORT

To the Shareholders:

I have examined the balance sheet of Star Transfer Limited as at December 31, 1961 and the statements of profit and loss and surplus for the year ended on that date. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as were considered necessary in the circumstances.

In my opinion the accompanying balance sheet and related statements of profit and loss and surplus present fairly the financial position of the Company as at December 31, 1961 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

(Signed) H. A. COTNAM, F.C.A.
Provincial Auditor

Toronto, Ontario
March 30, 1962.

STAR TRANSFER LIMITED

ADMINISTRATION EXPENSES

For the year ended December 31, 1961

Advertising	\$ 6,275.30
Association dues	2,282.80
Bad debts	1,574.31
Bank exchange and charges	3,474.73
Finance charges	7,141.78
Interest	6,155.92
Legal, audit and collection	8,024.78
Mortgage interest	5,565.17
Office and general	8,348.35
Office salaries	155,793.40
Postage	1,993.70
Salesmen's expenses	813.30
Telephone, telegraph and teletype	17,793.86
Travelling	2,386.07
Donations	1,598.00
Place of business tax	5.00
	<hr/>
	\$ 229,226.47

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SIXTY-SECOND ANNUAL REPORT

(OF THE)

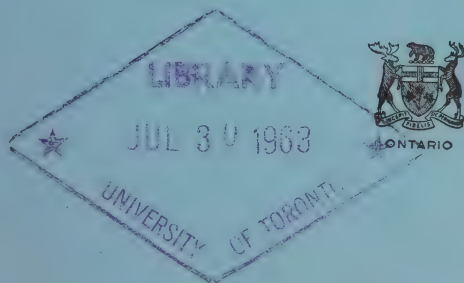
**Ontario, Northland Transportation
Commission**

PROVINCE OF ONTARIO

HONOURABLE JOHN P. ROBARTS, Q.C.,
Prime Minister

For the Year Ended December 31, 1962

PRINTED by ORDER of
THE LEGISLATIVE ASSEMBLY OF ONTARIO



TORONTO

Printed and Published by Frank Fogg, Printer to the Queen's
Most Excellent Majesty, 1963

SIXTY-SECOND ANNUAL REPORT
OF THE
**Ontario Northland Transportation
Commission**

ONTARIO GOVERNMENT RAILWAY

HONOURABLE JOHN P. ROBARTS, Q.C.
Prime Minister

For the Year Ended December 31, 1962

PRINTED by ORDER of
THE LEGISLATIVE ASSEMBLY OF ONTARIO
Sessional Paper No. 46, 1963



T O R O N T O

Printed and Published by Frank Fogg, Printer to the Queen's
Most Excellent Majesty, 1963

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

W. A. JOHNSTON, M.P.P.	Acting Chairman	South River
J. A. FULLERTON, M.P.P.	Commissioner	Thessalon
R. BRUNELLE, M.P.P.	Commissioner	Moonbeam
R. S. POTTER	Commissioner	Matheson
W. R. THOMPSON	Commissioner	Swastika
R. A. AUBERT	Commissioner	Englehart
J. A. KENNEDY	Commissioner	North Bay
S. W. GOWAN	Secretary	North Bay



PRINCIPAL OFFICERS

A. JARDINE	General Manager	North Bay
E. A. FRITH	Assistant General Manager	North Bay
J. W. MILLAR	Manager of Rail Services	North Bay
T. D. SAUNDERS	Acting Director of Planning & Research	North Bay
J. S. COOPER	Acting Chief Engineer	North Bay
H. R. McCLEARY	Superintendent	Englehart
W. A. ETCHES	Chief Mechanical Officer	North Bay
R. P. C. McLEOD	Manager Sales & Development	North Bay
H. H. PHILLIPS	Traffic Manager	North Bay
A. A. HANSMAN	Comptroller	North Bay
T. W. PRESCOTT	Auditor of Disbursements	North Bay
G. W. WILLOUGHBY	Auditor of Revenues	North Bay
W. H. HURST	Purchasing Agent	North Bay
L. K. SMILEY	Manager of Communications	North Bay
J. BRISBANE	Treasurer	North Bay
R. J. SAYER	Superintendent of Transportation	North Bay
S. W. GOWAN	Director of Finance & Administration	North Bay

ONTARIO NORTHLAND RAILWAY

North Bay, Ontario,

March 11th, 1963.

Mr. W. A. Johnston, M.P.P.,

Acting Chairman.

Dear Sir:

I respectfully submit the following report of operations for fiscal year ending December 31st, 1962.

The earnings position of the Commission was substantially improved for the year 1962 with a net revenue of \$349,848.27 compared with a net amount of \$12,309.14 in 1961.

Earnings and Expenses	1962	1961	Increase or Decrease
Total Revenues	\$14,572,094.	\$13,882,796.	\$ 689,298.(i)
Total Expenses	14,222,246.	13,870,487.	351,759.(i)
Net Earnings	\$ 349,848.	\$ 12,309.	\$ 337,539.(i)
Revenue by Classes of Service			
Freight	\$ 9,600,275.	\$ 9,228,398.	\$ 371,877.(i)
Passenger	852,317.	830,989.	21,328.(i)
Mail	170,172.	168,241.	1,931.(i)
Express	370,614.	356,615.	13,999.(i)
Communications	3,201,018.	2,905,844.	295,164.(i)
Other	377,698.	392,709.	15,001.(d)
	<u>\$14,572,094.</u>	<u>\$13,882,796.</u>	<u>\$ 689,298.(i)</u>

The increase in net revenue was a result of increased freight, express and communications earnings. Freight increased by approximately \$370,000. due to normal additional traffic originating on the property, with additional increase due to incentive rates established in 1962. Communications showed the usual steady growth with gross revenue increasing by approximately \$295,000.

Every effort was made to control our operational expenses and at the same time efficiently maintain the various services. Added costs included settlement of wage increases affecting the running trades and non-operating employees.

Financial

Debentures in the amount of \$764,000.00 matured in 1962 and were retired. Temporary borrowing at year end stood at \$2,100,000.00. All interest payments were met in full.

To provide funds required to finance expansion of communications services and spur line to Adams Mine, debentures in the principal amount of \$5,000,000.00 were issued under date of September 1st, 1962, bearing interest at 5¾%. This is a serial issue maturing at rate of \$500,000.00 per year over a ten year period with first principal repayment due September 1st, 1963.

Pension Fund

The number of persons on railway pension payrolls as at December 31st, 1962, was as follows:

	Employees	Dependents	Total	Pensions Paid December, 1962
Contributory Plan	393	235	628	\$68,430.13
Non-Contributory Plan	14	—	14	891.44
	<u>407</u>	<u>235</u>	<u>642</u>	<u>\$69,321.57</u>

Fire Insurance Reserve Fund

At year end this fund stood at \$257,041.45. No contributions are presently required to be made by the railway as the earnings of the fund are more than sufficient to meet average fire losses.

Employer-Employee Relationship

The movement of the running trades and non-operating employees for wage increases and other benefits which was instituted in 1961 was settled in 1962 on the following basis:

Conductors, Trainmen and Yardmen

Effective January 1st, 1961 — 1% increase; December 1st, 1961 — 1%; November 16th, 1962 — 1½%; December 1st, 1962 — 2½%; January 1st, 1963 — 2%.

Locomotive Engineers

Effective April 1st, 1961 — 6½% on a progressive basis up to November 1st, 1963.

Firemen in Passenger Service

6½% on a progressive basis effective April 1st, 1961 up to November 1st, 1963.

Firemen in Freight and Yard Service

Effective April 1st, 1961 — 4% up to November 1st, 1962 on progressive basis.

Four week vacation to be allowed after twenty-five years' service instead of thirty-five as formerly.

Non-Operating Employees

Effective March 1st, 1962, one per cent calculated on basic rates of pay in force at December 31st, 1961. A further one per cent effective October 1st, 1962 calculated on basic rates of pay in force at December 31st, 1961. Effective January 1st, 1963 — add two cents per hour to basic rates of pay. Effective July 1st, 1963 — add a further two cents per hour to the basic rates of pay.

Job Security

A broad program was included to mitigate hardships suffered by long service employees when their jobs are eliminated, which involves retraining, revision of seniority rules, severance pay to employees laid off permanently, etc.

Each railway to establish a fund into which it will put, on a monthly basis commencing January, 1963, one cent per hour in respect of which payment has been made to each of the employees covered by any collective agreement to which such railway is a party.

Communications

The volume of traffic in this department continues to increase and has justified the expansion programme which has been underway for several years resulting in additional net increase in revenue. Dial system was installed at Moosonee in 1962 resulting in an additional 136 telephones installed at Moose Factory. Improved service at Timmins was supplied by the installation of direct dialing on inbound long distance calls.

As indicated in our 1961 report the installation of a microwave system between Moosonee and North Bay including channelizing equipment is proceeding at a satisfactory rate. Construction of Communications buildings at North Bay, Kirkland Lake and Moosonee, and addition to present facilities at Cochrane and New Liskeard will be completed in January, 1963.

Considerable additional revenue will be derived from these installations and at the same time provide ample facilities to handle future demands.

Prospective

Although it is hoped that the increased gross earnings in 1962 will continue through 1963, it is difficult to foresee our net return for the coming year due to various conditions. The newspaper strike in New York seriously affects paper shipments but it is hoped that the situation will be settled at an early date. The 4.5 mile spur line from Boston Creek to the Adams iron ore mine was completed in October at a cost of approximately one and a quarter million dollars, which had to be financed. Other than on inbound shipments, substantial return on our investment will not commence until late in 1964.

Our extensive capital investment in the Communications Department will shortly begin to show a reasonable return, but the more substantial earnings will not be achieved until late 1963, and increasing in 1964.

A sales office is being established in Toronto which we anticipate should result in additional traffic.

A Planning and Research Department has also been organized and cost studies are being made in every segment of our operations and every reasonable effort will be made to keep our controllable costs at a minimum while still providing improved and efficient service in this territory.

Yours truly,

E. A. FRITH,

General Manager.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Balance Sheet as at December 31st, 1962

ASSETS

INVESTMENTS

Road	\$ 59,689,249.80		
Leased Property —			
Improvements	3,275,907.97		
Miscellaneous	410,884.86		
	63,376,042.63		
Less — Accumulated			
Depreciation	11,527,241.90	\$ 51,848,800.73	
Equipment	22,713,214.87		
Floating Equipment	395,152.02		
	23,108,366.89		
Less — Accumulated			
Depreciation	10,492,662.36	12,615,704.53	
Investment in Wholly Owned Subsidiaries:			
Nipissing Central Railway	4,943,360.00		
Less — Retirement			
Reserve	674,372.71		
	4,268,987.29		
Star Transfer Limited	691,800.21	4,960,787.50	\$ 69,425,292.76

CURRENT ASSETS

Cash in Bank	20,860.50		
Agent's and Conductors' Balances	1,149,785.13		
Accounts Receivable	389,330.58		
Traffic Balances	846.70		
Material and Supplies	2,005,002.03		
Other Assets	6,131.67	3,571,956.61	

DEFERRED ASSETS

Pension Fund — Contributory	7,695,138.35		
Fire Insurance Fund	257,041.45	7,952,179.80	

UNADJUSTED DEBITS

Ballast Pits	51,208.95		
Discount and Expense re Debenture Loan	59,138.11		
Other Unadjusted Debits	25,839.02	136,186.08	
		\$ 81,085,615.25	

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Balance Sheet as at December 31st, 1962

LIABILITIES

LOAN FROM THE PROVINCE OF ONTARIO

Loan without Interest \$ 30,207,934.92

LONG TERM DEBT

Instalment Debentures 4%, 1963-1968 — Payable in Canadian or U.S. Funds Guaranteed by Province of Ontario	\$ 1,780,000.00		
Less —			
Included in Current Liabilities	274,000.00	\$ 1,506,000.00	
Debentures 4¼%, 1968 — Payable in Canadian Funds Guaranteed by Province of Ontario		5,500,000.00	
Instalment Debentures 5¾%, 1963-1972 — Payable in Canadian Funds Guaranteed by Province of Ontario	5,000,000.00		
Less —			
Included in Current Liabilities	500,000.00	4,500,000.00	11,506,000.00

CURRENT LIABILITIES

Instalment Debentures due in 1963	774,000.00	
Demand Loan, Guaranteed by Province of Ontario — 5¾%	2,100,000.00	
Accounts, Wages and Salaries	1,455,734.44	
Traffic Balances	189,578.10	
Debenture Interest	145,559.13	4,664,871.67

DEFERRED LIABILITIES

Pension Fund Reserve — Contributory	7,695,138.35	
Fire Insurance Fund Reserve	257,041.45	7,952,179.80

UNADJUSTED CREDITS

Fidelity Insurance Reserve	3,610.43	
Other Unadjusted Credits	50,506.20	54,116.63
Donations and Grants — Railway Property		58,261.44
Retained Income		26,642,250.79
		<u>\$ 81,085,615.25</u>

The comments contained in the Auditor's Report, appearing on pages 17 and 18 are an integral part of this balance sheet.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

RETAINED INCOME ACCOUNT

For the Year Ended December 31st, 1962

BALANCE

December 31st, 1961 \$ 26,280,866.64

ADD —

Net Income for the year ended December 31st,
1962 \$ 349,848.27

Sundry Net Credits 13,542.45 363,390.72

26,644,257.36

DEDUCT —

Sundry Net Debits 2,006.57

BALANCE —

December 31st, 1962 \$ 26,642,250.79

COMBINED OPERATIONS OF THE COMMISSION

Net Income for Rail, Communications and Miscellaneous Services \$ 349,848.27

Net Income — Star Transfer Limited 142,229.03

Net Earnings \$ 492,077.30

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

AUDITOR'S CERTIFICATE

I have examined the balance sheet of the Ontario Northland Transportation Commission as at December 31st, 1962 and the related income statement and retained income account for the year ended on that date. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

Subject to my report of this date attached, in my opinion the accompanying balance sheet and the related income statement and retained income account present fairly the financial position of the Commission as at December 31st, 1962 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

(Signed) H. A. COTNAM, F.C.A.,

Provincial Auditor.

Toronto, Ontario,
March 22nd, 1963.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

INCOME STATEMENT

For the Year Ended December 31st, 1962

With Comparative Figures For the Year Ended December 31st, 1961

	Year Ended December 31st, 1962	Year Ended December 31st, 1961
RAILWAY OPERATING REVENUE (For Details See Schedule "A" Attached)		
Freight Services	\$ 9,600,274.87	\$ 9,228,398.31
Passenger Services	852,317.09	830,989.52
Express	370,613.98	356,615.73
Communications (Commercial)	3,201,018.15	2,905,843.67
All Other	547,870.33	560,949.00
Total Operating Revenue	14,572,094.42	13,882,796.23
RAILWAY OPERATING EXPENSE (For Details See Schedule "B" Attached)		
Road Maintenance	3,097,958.56	3,091,472.50
Equipment Maintenance	2,690,592.86	2,596,161.12
Traffic	115,426.98	106,961.25
Transportation	4,032,451.95	4,065,797.07
Miscellaneous Operations	147,312.44	151,658.31
Communications (Commercial)	2,062,725.80	1,913,961.93
General	950,494.34	869,891.34
Other — Bus, Boat, Tourist Camp	324,511.18	327,711.75
Total Operating Expense	13,421,474.11	13,123,615.27
Net Revenue from Railway Operations	1,150,620.31	759,180.96
TAXES AND RENTS		
Railway Tax Accruals	106,838.83	99,219.39
Equipment Rents	196,728.63	109,092.78
Joint Facility Rents	30,052.82 Cr.	29,723.66 Cr.
Total Taxes and Rents	273,514.64	178,588.51
Net Railway Operating Surplus	877,105.67	580,592.45
OTHER INCOME		
Miscellaneous	1,174.00	930.67
Other Rents	221.02 Dr.	511.02 Dr.
Other Income Charges	69,275.71 Cr.	1,439.66 Cr.
Total Other Income	70,228.69	1,859.31
Surplus Before Fixed Charges	947,334.36	582,451.76
FIXED CHARGES		
Interest on Funded Debt	414,295.86	351,376.78
Interest on Unfunded Debt	181,151.23	218,765.88
Discount and Expense re Debenture Loan	2,039.00	—
	597,486.09	570,142.62
Net Income Carried to Retained Income Account ..	\$ 349,848.27	\$ 12,309.14

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

DETAILS OF OPERATING REVENUE

For the Year Ended December 31st, 1962

With Comparative Figures For the Year Ended December 31st, 1961

SCHEDULE "A"

	Year Ended December 31st, 1962	Year Ended December 31st, 1961
FREIGHT SERVICES		

Freight	\$ 9,557,183.19	\$ 9,185,082.59
Switching	15,830.79	11,572.62
Demurrage	25,998.00	30,855.40
Storage	1,262.89	887.70
Total	9,600,274.87	9,228,398.31

PASSENGER SERVICES

Passenger	742,249.07	725,541.07
Dining and Buffet Car	67,054.19	62,898.80
Station, Train and Boat Privileges	6,339.33	5,851.12
News Service and Restaurants	33,115.34	33,071.22
Baggage Transportation and Storage	3,559.16	3,627.31
Total	852,317.09	830,989.52

EXPRESS

Express	370,613.98	356,615.73
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COMMUNICATIONS (Commercial)

Telegraphs	285,761.43	263,425.99
Telephone	2,915,256.72	2,642,417.68
Total	3,201,018.15	2,905,843.67

ALL OTHER

Mail	170,172.65	168,241.42
Boat Lines	100,662.37	101,612.45
Highway Transport — Bus	104,939.58	95,164.02
Tourist Camps	71,590.35	86,253.48
Rent of Buildings and Other Property	63,214.73	76,277.41
Miscellaneous	35,175.97	32,657.45
Milk	5,922.54	5,536.11
Joint Facilities	3,807.86Dr.	4,793.34Dr.
Total	547,870.33	560,949.00
Total Operating Revenue	\$ 14,572,094.42	\$ 13,882,796.23

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

DETAILS OF OPERATING EXPENSE

For the Year Ended December 31st, 1962

With Comparative Figures For the Year Ended December 31st, 1961

SCHEDULE "B"	Year Ended December 31st, 1962	Year Ended December 31st, 1961
ROAD MAINTENANCE		
Superintendence	\$ 92,482.74	\$ 97,734.65
TRACK AND ROADWAY		
Track and Roadway Maintenance	1,210,910.41	1,233,340.34
Ties	15,948.20	16,586.55
Rails	4,756.77	34,356.93
Other Track Material	49,758.90	52,786.49
Ballast	6,870.46	1,835.70
Fences, Snowsheds and Signs	22,333.75	11,647.66
Small Tools and Supplies	30,929.07	39,182.19
Removing Snow, Ice and Sand	186,425.84	139,925.90
Total	1,527,933.40	1,529,661.76
BRIDGES AND STRUCTURES		
Tunnels, Bridges and Culverts	64,456.10	84,129.07
Station and Office Buildings	161,953.97	150,967.06
Roadway Buildings	56,171.83	52,054.68
Water and Fuel Stations	7,787.54	12,254.19
Shops and Enginehouses	79,668.74	71,960.37
Power Plant Systems	8,954.49	7,546.58
Other Structures	1,278.41	1,749.12
Total	380,271.08	380,661.07
RAILWAY COMMUNICATIONS AND SIGNAL SYSTEMS		
Communications Rail	25,603.58	19,773.42
Signals	116,163.29	126,764.52
Total	141,766.87	146,537.94
MISCELLANEOUS		
Roadway Machines	42,730.17	44,199.76
Injuries to Persons	28,847.91	28,266.74
Public Improvements	250.86	—
Insurance	115.08	129.17
Stationery	845.68	1,076.56
Other Expense	29,180.00	28,127.84
Total	101,969.70	101,800.07
DEPRECIATION AND RETIREMENTS		
Road and Property Depreciation	894,126.00	879,692.00
Dismantling Retired Road Property	12,373.65	4,517.05
Total	906,499.65	884,209.05
JOINT FACILITIES		
Maintaining Joint Facilities	52,964.88Cr.	49,132.04Cr.
Total Road Maintenance	\$ 3,097,958.56	\$ 3,091,472.50

	Year Ended December 31st, 1962	Year Ended December 31st, 1961
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EQUIPMENT MAINTENANCE

Superintendence	\$ 108,926.32	\$ 106,867.16
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MACHINERY

Shop and Power Plant Machinery	54,985.41	51,395.65
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EQUIPMENT

Diesel Locomotives	766,064.66	634,993.82
Freight Train Cars	574,766.32	606,768.26
Passenger Train Cars	356,788.07	362,101.00
Work Equipment	49,517.36	56,378.14
Other Equipment	2,397.60	1,405.09
Total	1,749,534.01	1,661,646.31

MISCELLANEOUS

Injuries to Persons	21,814.27	19,210.67
Insurance	220.49	218.55
Stationery	3,406.61	3,519.61
Total	25,441.37	22,948.83

DEPRECIATION AND RETIREMENTS

Other Equipment and Machinery Depreciation	31,505.00	31,806.00
Dismantling Retired Equipment	287.90	1,499.34
Rolling Stock Depreciation	735,397.58	733,714.21
Total	767,190.48	767,019.55

JOINT FACILITIES

Maintaining Joint Facilities	15,484.73Cr.	13,716.37Cr.
Total Equipment Maintenance	2,690,592.86	2,596,161.12

TRAFFIC

Superintendence	91,720.49	89,065.07
Agencies	1,739.95	1,671.84
Advertising	9,710.42	4,201.93
Associations	4,066.30	4,339.20
Stationery	7,433.08	6,921.65
Other Expense	756.74	761.56
Total Traffic	\$ 115,426.98	\$ 106,961.25

	Year Ended December 31st, 1962	Year Ended December 31st, 1961
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TRANSPORTATION

SUPERVISION

Superintendence	\$ 156,014.33	\$ 153,741.62
Dispatching	89,236.45	87,043.63
Total	245,250.78	240,785.25

STATION SERVICES

Station Employees	932,833.15	913,030.47
Weighing, Inspecting and Demurrage	2,156.44	1,908.07
Station Expense	75,531.24	69,193.20
Total	1,010,520.83	984,131.74

YARD SERVICES

Yardmasters and Clerks	200,029.05	201,610.73
Yard Trainmen	238,913.38	252,359.90
Yard Switchmen	8,322.76	8,716.71
Yard Enginemen	152,289.72	170,331.82
Yard Locomotive Fuel and Power	27,393.04	24,424.55
Yard Locomotive Water	211.40	299.02
Yard Locomotive Other Supplies	884.05	1,282.48
Yard Enginehouse Expense	8,573.70	9,814.80
Yard Other Expense	7,407.88	6,918.81
Total	644,024.98	676,758.82

TRAIN OPERATIONS

Train Enginemen	490,690.49	503,251.02
Train Locomotive Fuel and Power	525,002.36	505,404.07
Train Locomotive Water	6,465.43	7,026.21
Train Locomotive Other Supplies	30,312.55	28,932.43
Train Enginehouse Expense	255,696.57	237,866.87
Trainmen	557,212.28	591,517.65
Train Other Expense	375,723.20	361,740.38
Total	2,241,102.88	2,235,738.63

MISCELLANEOUS

Signal Operations	1,356.57	1,169.62
Crossing Protection	5,978.65	5,431.93
Stationery	28,253.13	27,604.32
Other Expense	29,382.40	26,203.78
Total	64,970.75	60,409.65

CASUALTY COSTS

Clearing Wrecks	5,857.86	29,375.33
Damage to Property	457.73	138.75
Loss and Damage—Freight	87,235.44	96,597.00
Loss and Damage—Baggage	31.82	61.79
Injuries to Persons	35,656.11	35,078.66
Total	129,238.96	161,251.53

JOINT FACILITIES

Operating Joint Yards and Terminals	302,657.23Cr.	293,278.55Cr.
Total Transportation	\$ 4,032,451.95	\$ 4,065,797.07

Year Ended
December 31st, 1962 Year Ended
December 31st, 1961

MISCELLANEOUS OPERATIONS

Dining and Buffet Service	\$ 114,669.03	\$ 115,290.99
News Service and Restaurants	32,608.27	33,518.35
Other Operations	35.14	2,848.97
Total Miscellaneous Operations	<u>147,312.44</u>	<u>151,658.31</u>

COMMUNICATIONS (Commercial)

Telegraph Maintenance	127,988.50	113,588.52
Telegraph Conducting Operations	110,690.41	106,692.84
Telegraph General	24,979.14	24,307.86
Telegraph Municipal Taxes	2,111.40	2,022.47
Telephone Maintenance	604,490.72	554,629.28
Telephone Conducting Operations	1,013,614.56	948,882.27
Telephone General	158,733.40	146,533.50
Telephone Municipal Taxes	<u>20,117.67</u>	<u>17,305.19</u>
Total Commercial Communications	<u><u>2,062,725.80</u></u>	<u><u>1,913,961.93</u></u>

GENERAL

General Officers	137,995.66	121,568.40
Clerks and Attendants	289,334.65	277,639.36
Office Expense	14,177.10	9,528.57
Law Expense	16,456.87	16,638.18
Insurance	230.29	39.30
Pensions	440,187.32	439,926.72
Stationery	14,958.52	13,442.60
Other Expense	61,912.39	12,603.24
General Joint Facilities	<u>24,758.46Cr.</u>	<u>21,495.03Cr.</u>
Total General	<u><u>950,494.34</u></u>	<u><u>869,891.34</u></u>

OTHER

Highway Transport Operations — Bus	115,723.39	115,360.76
Boat Line Operations	150,465.64	141,561.59
Tourist Camp Operations	<u>58,322.15</u>	<u>70,789.40</u>
Total Other	<u>324,511.18</u>	<u>327,711.75</u>
Total Operating Expense	<u><u>\$ 13,421,474.11</u></u>	<u><u>\$ 13,123,615.27</u></u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

SOURCE AND APPLICATION OF FUNDS

For the Year Ended December 31st, 1962

SOURCE OF FUNDS

From Operations

Net Income for the year	\$	349,848.27
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Charges to Operations Not Requiring Funds

Provision for Depreciation		1,926,740.92
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Net Decrease in Assets

Cash in Bank	55,623.45	
Other	324,319.97	379,943.42

Net Increase in Liabilities

Instalment Debentures

5¾% 1962-1972	5,000,000.00
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Less Discount and Commission	58,500.00	4,941,500.00
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Other	366,768.31	5,308,268.31
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	\$	7,964,800.92
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APPLICATION OF FUNDS

Sundry Property Investments in 1962

Road Improvements —

Leased Lines, Equipment	4,901,956.36
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Net Increase in Appropriations in Suspense	198,844.56	5,100,800.92
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Net Decrease in Liabilities

Demand Loans	2,100,000.00
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Sundry Instalment Debentures	764,000.00	2,864,000.00
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	\$	7,964,800.92
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ONTARIO NORTHLAND TRANSPORTATION COMMISSION**AUDITOR'S REPORT**

Toronto, March 22nd, 1963.

To the Chairman and Members of the
Ontario Northland Transportation Commission,
North Bay, Ontario.

Dear Sirs:

In accordance with Section 39 of The Ontario Northland Transportation Commission Act, I have conducted an audit of the books, records and accounts of the Commission for the year ended December 31st, 1962 and comment thereon as follows:

Balance Sheet

The cash in banks at December 31st, 1962 was reconciled with the balances shown on letters of confirmation received direct from the banks concerned. The securities held for the Contributory Pension Fund and the Fire Insurance Fund at December 31st, 1962 were verified by examination and reconciliation with the related records. The Contributory Pension Fund of \$7,695,138.35 is made up of securities shown at cost value of \$7,590,870.52 together with cash on hand of \$104,267.83. The Fire Insurance Fund of \$257,041.45 is made up of securities shown at cost value of \$252,315.62 together with cash on hand of \$4,725.83.

The Nipissing Central Railway is a wholly owned subsidiary of the Ontario Northland Transportation Commission. By agreement, the Commission operates the property of the Nipissing Central Railway as part of its system.

Star Transfer Limited is a wholly owned subsidiary of the Ontario Northland Transportation Commission. The head office of Star Transfer Limited is located at Timmins, Ontario and its operations are conducted by its own executive officers and are entirely separate from those of the Ontario Northland Railway. The operations of Star Transfer Limited for the year ended December 31st, 1962 resulted in a net profit. The Company has not declared any dividend and hence the Commission has not received any income from this source during the year ended December 31st, 1962.

Materials and Supplies of the Commission had a total book value of \$2,005,002.03 at December 31st, 1962. This represents a decrease of \$241,-873.11 from the related total at December 31st, 1961.

A physical inventory of Materials and Supplies was taken by the Ontario Northland Railway as at August 31st, 1962. In connection therewith I have received certificates from responsible officers to the effect:

- (a) That the quantities were determined by actual physical count, weight or measurement or by conservative estimate where actual count, weight or measurement was impracticable, and;
- (b) That the basis of Inventory pricing was laid down cost for new materials and estimated utility or sales value for usable reclaimed, obsolete and scrap materials, after making reasonable pricing allowances for condition thereof.

The General Manager and the Comptroller of the Commission have stated that, to the best of their knowledge and belief, all liabilities of the Commission have been disclosed on the balance sheet at December 31st, 1962 with the exception of the following contingent liabilities:

- “(a) Permanent awards under the Workmen’s Compensation Act for which no reserve has been set up in the books of the Commission.
- (b) Amounts required to meet Non-Contributory Pension Payroll.
- (c) (i) Guarantee of the Commission given to the Toronto-Dominion Bank at Timmins to cover such loans or over-drafts as may be incurred by Star Transfer Limited from time to time in respect to normal operation of the business and,
- (ii) To cover the performance of obligations of Star Transfer Limited for construction or the repayment of monies in respect to obligations for construction up to \$250,000.00.”

The special programme for the extension of communications facilities entered into by the Commission in 1961 is being actively pursued and is expected to be substantially complete in 1963. Total expenditures upon completion are estimated to amount to some \$7,200,000.00.

No action has been taken during the year under review to bring about any improvement in the status of the Contributory Pension Fund. The situation remains the same as commented upon in my previous report of March 21st, 1962. It is recommended that immediate steps be taken to arrange for an actuarial valuation of the Fund and that any deficit which may be disclosed should be funded over an agreed period of years.

Retained Income Account

The balance at the credit of retained income account as at December 31st, 1962 is \$26,642,250.79 and has increased over the comparable figure as at December 31st, 1961 by \$361,384.15. This net increase arises from the Net Income earned for the year ended December 31st, 1962 amounting to \$349,848.27 together with Sundry net credits of \$13,542.45 less sundry net debits of \$2,006.57.

Income Statement

The operating accounts of the Commission show a net income of \$349,848.27 for the year ended December 31st, 1962. This amount is the net difference between Net Operating Revenue from Communications Operations amounting to \$1,138,292.35 and Net Operating Loss from other operations amounting to \$788,444.08.

During the year under review no interest has been required from the Commission on the Loan of \$30,207,934.92 owing to the Province of Ontario.

Statement of Source and Application of Funds

This statement has been prepared to show the major changes in operating capital during the audit period.

Yours faithfully,

(Signed) H. A. COTNAM, F.C.A.,
Provincial Auditor.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

TRAFFIC AND MILEAGE STATISTICS

January 1st to December 31st, 1962

PASSENGER TRAFFIC

Number of passengers carried earning revenue	177,155
Number of passengers carried one mile	22,588,000
Number of passengers carried one mile per mile of road	39,834
Average distance carried (miles)	127.5
Total passenger revenue	742,249.07
Average Amount received from each passenger	4.18
Average receipts per passenger per mile (cents)	3.28
Total passenger train service revenue	1,292,407.30
Passenger service train revenue per mile of road	2,282.19
Passenger service train revenue per train mile	2.73

FREIGHT TRAFFIC

Number of tons carried earning revenue	2,367,846
Number of tons carried earning revenue one mile	504,250,602
Number of tons carried earning revenue one mile per mile of road	890,464
Average distance haul of one ton (miles)	212.9
Total freight revenue	9,557,183.19
Average amount received for each ton	4.04
Average amount received per ton per mile (cents)	1.89
Freight revenue per mile of road	16,876.54
Freight revenue per train mile	13.66

TOTAL TRAFFIC

Operating Revenue	14,572,094.42
Operating revenue per mile of road	25,732.11
Operating revenue per train mile	12.42
Operating expense	13,694,988.75
Operating expenses per mile of road	24,190.18
Operating expenses per train mile	11.67
Net operating revenue	877,105.67
Net operating revenue per mile of road	1,548.84

CAR MILEAGE

Average number of passengers carried one mile per car mile	5.6
Average number of passengers carried one mile per train mile	47.7
Average number of passenger cars per train mile	8.5
Mileage of passenger cars	4,021,726
Mileage of loaded freight cars	16,220,583
Mileage of empty freight cars	12,357,959
Average number of freight cars per train mile	41.9
Average number of loaded freight cars per train mile	23.2
Average number of empty freight cars per train mile	17.7
Average number of tons of freight per train mile	720.9
Average number of tons of freight per loaded car mile	34.8
Average number of miles operated during year	566.3

TRAIN MILEAGE

Mileage of revenue passenger trains	473,995
Mileage of revenue freight trains	699,445
Total revenue train mileage	1,173,440

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

DETAILS OF RAILWAY EQUIPMENT

	Dec. 31 1961	Additions	Retire- ments	Conver- sions	Dec. 31 1962
LOCOMOTIVES					
Freight — Steam	0	—	—	—	0
Diesel Yard Switcher	4	—	—	—	4
Diesel Road Switcher	22	—	—	—	22
Road "A" Units	22	—	—	—	22
	<u>48</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>48</u>
PASSENGER EQUIPMENT					
First Class	27	—	—	—	27
Combination	5	—	—	—	5
Restaurant	2	—	—	—	2
Lunch and First Class	2	—	—	—	2
Cafe Parlour	1	—	—	—	1
Postal Baggage	18	—	—	—	18
Other (Box Baggage)	2	—	—	—	2
	<u>57</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>57</u>
FREIGHT REVENUE EQUIPMENT					
Box	1014	—	—	—	1014
Flat	162	—	1	—	161
Hopper	100	—	—	—	100
Stock	22	—	—	—	22
	<u>1298</u>	<u>—</u>	<u>1</u>	<u>—</u>	<u>1297</u>
Cabooses	36	—	—	—	36
Steam Generator	1	—	—	—	1
WORK EQUIPMENT					
Business Cars	3	—	—	—	3
All Other Cars in Railway Service	232	1	—	—	233
	<u>235</u>	<u>1</u>	<u>—</u>	<u>—</u>	<u>236</u>
HIGHWAY EQUIPMENT					
Buses	8	—	—	—	8
Trucks	18	2	1	—	19
Trailers	6	—	—	—	6
Station Wagons	3	1	—	—	4
Volkswagen Coach	2	—	—	—	2
	<u>37</u>	<u>3</u>	<u>1</u>	<u>—</u>	<u>39</u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

MILES OF TRACK OPERATED

At Close of Fiscal Year, December 31st, 1962

MAIN LINE

		Miles
North Bay — Timmins	257.20	
Porquis — Cochrane	28.20	
Cochrane — Moosonee	186.20	471.60
		<hr/>

BRANCH LINES

Earlton — Elk Lake	28.50	
Welsh — Iroquois Falls	6.20	
Swastika Junction — Noranda	60.00	94.70
		<hr/>

OTHER TRACKS

Yard Tracks and Sidings	111.35	
Public Tracks	19.47	
Under Private Siding Agreement	15.39	
Owned Outright by the Industry	4.94	151.15
		<hr/>
		717.45
		<hr/> <hr/>

ANNUAL REPORT

of

STAR TRANSFER LIMITED

For Year Ended

DECEMBER 31st, 1962

Head Office

TIMMINS, ONTARIO

STAR TRANSFER LIMITED

(Incorporated under the laws of Ontario as a Private Company)

BALANCE SHEET

as at December 31st, 1962

ASSETS**CURRENT**

Cash on Hand and in Bank	\$	23,863.21	
Accounts Receivable		207,160.70	\$ 231,023.91

INVESTMENTS — At Cost

Amount Paid Under Investment Contract	13,432.80	
(Cash Surrender Value \$14,319.30)		
Government of Canada Bonds	633.50	14,066.30
(Market Value \$689.85)		
Mortgage Receivable		19,207.56

FIXED — At Cost

Land	95,678.29	
Buildings	545,378.71	
Less —		
Accumulated Depreciation ..	74,970.94	470,407.77
Trucks and Trailers	1,165,022.13	
Less —		
Accumulated Depreciation ..	836,162.58	328,859.55
Equipment, Furniture and Fixtures	59,723.23	
Less —		
Accumulated Depreciation ..	34,851.26	24,871.97
Prepaid Expenses and Deferred Charges		11,792.30
Shares of Another Company — at cost		500.00
Goodwill		15,000.00
		<u>\$ 1,211,407.65</u>

STAR TRANSFER LIMITED

BALANCE SHEET

as at December 31st, 1962

LIABILITIES

CURRENT

Accounts Payable and Accrued Charges	\$	105,150.43	
Gerard Builders of North Bay Limited		65,314.93	
Notes Payable Within One Year — Secured		38,040.00	
Mortgage Instalments Payable Within One Year		9,553.88	
Receiver General re Employees' Tax Deductions		6,640.50	
Accrued Wages		23,313.07	\$ 248,012.81
Indebtedness Not Maturing Within One Year			
Notes Payable — Secured		66,110.00	
Mortgages Payable		65,508.46	131,618.46

CAPITAL AND SURPLUS

Capital Stock —

Preference —

6% non-cumulative redeemable

par value \$100.00 each

Authorized, 443 shares

Issued and fully paid 395 shares 39,500.00

Common

Par value \$100.00 each

Authorized 200 shares

Issued and fully paid 145 shares 14,500.00

54,000.00

Contributed Surplus 4,200.00

Earned Surplus 773,576.38 831,776.38

\$ 1,211,407.65

STAR TRANSFER LIMITED

STATEMENT OF EARNED SURPLUS

For the Year Ended December 31st, 1962

Balance — December 31st, 1961	\$	621,457.44
Add:		
Net Profit For the Year Ended December 31st, 1962		142,229.03
Bad Debts Recovered		813.18
Overprovision for Corporation Taxes		2,496.50
Profit on Disposal of Fixed Assets		6,580.23
		<u>152,118.94</u>
Balance — December 31st, 1962	\$	<u><u>773,576.38</u></u>

STATEMENT OF CONTRIBUTED SURPLUS

For the Year Ended December 31st, 1962

Balance — December 31st, 1962 (no change during 1962)	\$	<u><u>4,200.00</u></u>
--	----	------------------------

STAR TRANSFER LIMITED

AUDITOR'S REPORT

To the Shareholders:

I have examined the balance sheet of Star Transfer Limited as at December 31st, 1962 and the statements of profit and loss and surplus for the year ended on that date. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as were considered necessary in the circumstances.

In my opinion the accompanying balance sheet and related statements of profit and loss and surplus present fairly the financial position of the Company as at December 31st, 1962 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

(Signed) H. A. COTNAM, F.C.A.,
Provincial Auditor.

Toronto, Ontario,
March 20th, 1963.

STAR TRANSFER LIMITED

ADMINISTRATION EXPENSES

For the Year Ended December 31st, 1962

Advertising	\$	4,881.29
Association Dues		2,210.43
Bad Debts		1,860.99
Bank Exchange and Charges		3,064.17
Interest		4,513.17
Legal, Audit and Collection		8,954.80
Mortgage Interest		5,032.90
Office and General		7,767.13
Office Salaries		140,446.98
Postage		2,085.71
Salesmen's Expenses		868.47
Telephone, Telegraph and Teletype		18,456.55
Travelling		3,388.27
Donations		1,885.00
	\$	<u>205,415.86</u>

STAR TRANSFER LIMITED

STATEMENT OF PROFIT AND LOSS

For the Year Ended December 31st, 1962

REVENUE

Transport Trucking	\$ 2,035,770.61	
Less — Interline Charges	142,768.35	\$ 1,893,002.26
Commissions Earned		3,080.01
Cold Storage		647.32
Heating and Icing		3,995.83
Rentals		3,010.00
Miscellaneous		2,611.96
Bond Interest		84.37
		<u>1,906,431.75</u>

EXPENSES

Damages	11,118.88	
Provision for Depreciation —		
Buildings	24,485.07	
Equipment	6,218.00	
Trucks and Trailers	140,939.81	171,642.88
Employees' Pension Fund	5,086.54	
Gasoline and Oil	302,038.14	
Group Insurance	5,721.73	
Heating and Icing	2,079.27	
Insurance	48,778.76	
Licences	54,698.00	
Light, Heat, Power and Water	9,254.70	
Maintenance —		
Buildings	14,565.06	
Equipment	1,830.57	
Meals	3,412.58	
Miscellaneous	2,197.28	
Municipal Taxes	10,528.73	
Radio Telephone	4,784.20	
Rent	3,775.50	
Repairs, Trucks and Trailers	143,300.89	
Tires and Tubes	76,295.59	
Unemployment Insurance	6,714.66	
Vacation Pay	24,978.29	
Wages	626,314.25	
Welfare Payments	12,233.00	
Workmen's Compensation	17,437.36	
Administration Expenses, Per Schedule	205,415.86	1,764,202.72
Net Profit For the Year		<u>\$ 142,229.03</u>

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(SIXTY-THIRD) ANNUAL REPORT

(OF THE)

**Ontario, Northland Transportation
/// Commission**

(PROVINCE OF ONTARIO)

HONOURABLE JOHN P. ROBARTS, Q.C.

Prime Minister

For the Year Ended December 31, 1963

PRINTED by ORDER of
THE LEGISLATIVE ASSEMBLY OF ONTARIO



TORONTO

Printed and Published by Frank Fogg, Printer to the Queen's
Most Excellent Majesty, 1964

SIXTY-THIRD ANNUAL REPORT
OF THE
**Ontario Northland Transportation
Commission**

ONTARIO GOVERNMENT RAILWAY

HONOURABLE JOHN P. ROBARTS, Q.C.
Prime Minister

For the Year Ended December 31, 1963

PRINTED by ORDER of
THE LEGISLATIVE ASSEMBLY OF ONTARIO
Sessional Paper No. 46, 1964



TORONTO

Printed and Published by Frank Fogg, Printer to the Queen's
Most Excellent Majesty, 1964

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

W. A. JOHNSTON, M.P.P.	Acting Chairman	South River
J. A. FULLERTON	Commissioner	Thessalon
R. BRUNELLE, M.P.P.	Commissioner	Moonbeam
W. R. THOMPSON	Commissioner	Swastika
J. A. KENNEDY	Commissioner	North Bay
S. W. GOWAN	Secretary	North Bay

PRINCIPAL OFFICERS

E. A. FRITH	General Manager	North Bay
J. W. MILLAR	Manager of Rail Services	North Bay
T. D. SAUNDERS	Director of Planning & Research	North Bay
J. S. COOPER	Chief Engineer	North Bay
H. R. McCLEARY	Superintendent	Englehart
W. A. ETCHES	Chief Mechanical Officer	North Bay
R. P. C. McLEOD	Manager Sales & Development	North Bay
H. H. PHILLIPS	Traffic Manager	North Bay
A. A. HANSMAN	Comptroller	North Bay
T. W. PRESCOTT	Auditor of Disbursements	North Bay
G. W. WILLOUGHBY	Auditor of Revenues	North Bay
W. H. HURST	Purchasing Agent	North Bay
L. K. SMILEY	Manager of Communications	North Bay
J. BRISBANE	Treasurer	North Bay
R. J. SAYER	Supt. of Transportation	North Bay
S. W. GOWAN	Director of Finance and Administration	North Bay

ONTARIO NORTHLAND RAILWAY

North Bay, Ontario,

March 16, 1964.

Mr. W. A. Johnston, M.P.P.,

Acting Chairman.

Dear Sir:

I respectfully submit the following report of operations for fiscal year ending December 31, 1963.

It is with regret that I have to report an operating deficit for the year. While indications have pointed in this direction for a number of years, it has been possible to avoid a deficit position until the present.

Earnings and Expenses—

Rail, Communications and Miscellaneous Operations

	1963	1962	Increase or Decrease
Total Revenue	\$14,543,812.	\$14,572,094.	\$ 28,282.(d)
Total Expenses	15,401,940.	14,222,246.	1,179,694.(i)
	<u>\$ 858,128.Def.</u>	<u>\$ 349,848.</u>	<u>\$ 1,124,972.(d)</u>

Revenue by Classes of Service

Freight	\$ 9,039,665.	\$ 9,600,275.	\$ 560,610.(d)
Passenger	675,444.	852,317.	176,873.(d)
Mail	171,208.	170,172.	1,036.(i)
Express	340,472.	370,614.	30,142.(d)
Communications	3,689,399.	3,201,018.	488,381.(i)
Other	627,624.	377,698.	249,926.(i)
	<u>\$14,543,812.</u>	<u>\$14,572,094.</u>	<u>\$ 28,282.(d)</u>

Star Transfer Limited

Total Revenues	\$ 2,055,983.	\$ 1,906,431.	\$ 149,552.(i)
Total Expenses	1,875,450.	1,764,202.	111,248.(i)
Net Earnings	<u>\$ 180,533.</u>	<u>\$ 142,229.</u>	<u>\$ 38,304(i)</u>

Net Position

All Operations	\$ 677,595.Def.	\$ 492,077.	\$ 1,169,672.(d)
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It will be noted at once that the deterioration in our earnings position is due in the main to an increase in operating expenses of \$1,179,694. in rail and allied services. This can be accounted for in part by increased wage costs which in 1963 amounted to approximately four cents an hour, and partly to an

accelerated program of equipment maintenance. A restricted maintenance program for rolling stock has been in effect for several years and it has now become necessary to step this up in order to keep equipment in service. Considerable work is required on hopper cars preparatory to iron ore service which is anticipated to commence late in 1964. In addition, due to the expansion of Communications plant and services, there is a substantial increase in expenses in this area, which of course are more than offset by increased earnings from these services.

Freight revenues declined by almost half a million dollars due in part at least to the New York newspaper strike which drastically reduced movement of newsprint over the O.N.R.

A reduced scale of passenger fares—known as red, white and blue fares—was introduced about the middle of 1963 which resulted in fare reductions of from thirty to over fifty percent depending on the day travelling occurred. It is hoped these reduced fares will result in greatly increased passenger business, thus restoring to the rails some of the passenger traffic lost to other forms of transportation over the past few years.

Operations of Star Transfer Limited continue to be well patronized and another successful year can be reported for 1963. New terminal facilities at Timmins, together with those at other points are contributing to a more economical operation and to the favourable earnings position which the company is now enjoying. However this service like others, is faced with constantly rising wages and other costs and in view of this and also the increased competition in the area, it is doubtful if these revenues can be maintained over any lengthy period.

Financial

Debt of the Commission increased during year 1963 by \$3,526,000.00 from a total of \$14,380,000.00 at end of 1962 to \$17,906,000.00 at end of 1963. Increase was for purpose of financing capital expenditures, chiefly expansion of Communications plant.

Debentures amounting to \$774,000.00 matured in 1963 and were retired. Temporary borrowing at year end stood at \$6,400,000.00. All interest payments were met in full.

Consideration is being given to the issuing of further debentures in order to reduce temporary borrowing and this may develop in 1964 if conditions are favourable.

Pension Fund

The number of persons on railway pension payrolls continues to increase as does the total pensions payable. At December 31, 1963 the number of persons receiving pensions was as follows:

	Employees	Dependents	Total	Pensions Paid December, 1963
Contributory Plan	400	257	657	\$74,717.02
Non-Contributory Plan	12	—	12	806.21
	<u>412</u>	<u>257</u>	<u>669</u>	<u>\$75,523.23</u>

Fire Insurance Reserve Fund

At year end this fund stood at \$265,362.06, an increase of \$8,320.61 over one year ago. No contributions are presently required to be made by the railway as the earnings of the fund are more than sufficient to meet average fire losses.

Moosonee Townsite

A study of Moosonee townsite and environs has been arranged by the Commission on behalf of the Government, which is designed to provide information to assist in formulating a policy in respect to land use and development, educational, cultural, social and economic aspects of the situation as well as the possible formation of a local government organization in the area.

Consultants have been secured for this purpose and it is anticipated the study will commence early in 1964, with completion by April 1964.

Merchandising Service

During past years a large amount of traffic has been lost by the railways to other forms of transportation. This is particularly true of less than carload traffic and this railway, because of its proximity to the large centres of industry in Southern Ontario has been very vulnerable to highway competition, which in most cases have been able to offer faster service.

To meet this situation, considerable study has been given to ways and means of making rail transportation more attractive to the shipping public. A prime requisite is a faster service from the main supply centres such as Toronto and Hamilton to the area served by the railway and to accomplish this a plan has been devised which should, when fully developed, furnish an overnight service from Southern Ontario to all points on the Ontario Northland Railway.

This plan is designated as a "Merchandising" or "Express-Freight" service. It contemplates the movement of L.C.L. freight and express on a special merchandise train which will leave Toronto during the evening and which will stop only at designated points to pick up or set off cars. From these points, which will be known as 'railheads', goods will be delivered by truck within a specified area. Trucks will also pick up shipments and thus provide a complete pick-up and delivery service to all points in Ontario Northland Railway territory.

When this plan becomes fully operative, it is felt it will provide a greatly improved service and should merit a large measure of public approval.

Communications

The services provided by this department continue to increase in volume and resulted in additional net revenues. Improved long distance service in the Cochrane and Noranda areas was supplied by the installation of additional dialing equipment for incoming long distance calls. Forty-three additional long distance circuits were added throughout the system and telephone service was extended to an additional 132 subscribers, mostly in the Rollet - Montbeillard, Hunta and Clute areas. The H.F. radio system at Moosonee was extended to provide long distance service to approximately 200 subscribers located beyond Moosonee.

The installation of the microwave system between North Bay and Moosonee and the related building program has been completed. Two hundred high quality circuits now operate on this system and more will be added during 1964.

Our commitment to provide a large number of new facilities for the Dominion Government was met on time. Substantial additional revenues were derived from these facilities starting in September and will continue for some time as a result of a long term contract.

Employer-Employee Relationship

Contracts with the Non-Operating employees expired December 31, 1963 and advice has been received from these groups of their desire to adjust wage rates to the level of the durable goods industry. Certain other fringe benefits were requested. Negotiation has commenced on these requests but no settlement reached at year end.

Prospective

As stated above some additional revenues were received in 1963 from the expanded communications facilities and it is anticipated these will continue to improve during 1964, which should greatly assist the overall operating situation.

Information available at this time would indicate that movement of iron ore from the Adams Mine at Boston Creek should commence towards the end of 1964 and this also should help improve the operating picture in 1965.

It is also expected that by 1965 the new merchandising service will begin to reduce losses in the railway operations.

Whether or not these factors will enable the Railway to emerge from its present deficit position will depend on the extent to which expenses can be controlled. Increased operation expenses have over the past few years absorbed all surplus earnings of the Commission, plus any additional revenue and have resulted this year in an operating deficit.

Yours very truly,

E. A. FRITH,

General Manager.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Balance Sheet as at December 31, 1963

ASSETS

INVESTMENTS

Road	\$	63,700,453.60		
Leased Property —				
Improvements		3,456,538.74		
Miscellaneous		417,465.04		
	\$	67,574,457.38		
Less Accumulated				
Depreciation		12,553,413.55	\$	55,021,043.83
Equipment	\$	22,640,298.62		
Floating Equipment		397,202.02		
	\$	23,037,500.64		
Less Accumulated				
Depreciation		11,140,440.41		11,897,060.23
Investment in Wholly Owned				
Subsidiaries:				
Nipissing Central Railway	\$	4,943,359.00		
Less—Retirement Reserve		674,371.71		
	\$	4,268,987.29		
Star Transfer Limited		691,800.21	4,960,787.50	\$ 71,878,891.56

CURRENT ASSETS

Cash in Bank	\$	186,706.64		
Agents' and Conductors' Balances		1,271,787.39		
Accounts Receivable		429,034.00		
Material and Supplies		1,947,896.14		
Other Assets		4,486.02		3,839,910.19

DEFERRED ASSETS

Pension Fund—Contributory	\$	8,003,516.53		
Fire Insurance Fund		265,362.06		8,268,878.59

UNADJUSTED DEBITS

Ballast Pits	\$	50,118.88		
Discount and Expense re Debenture Loan		53,020.39		
Other Unadjusted Debits		64,913.35		168,052.62

\$ 84,155,732.96

A. A. Hansman, Comptroller

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Balance Sheet as at December 31, 1963

LIABILITIES

LOAN FROM THE PROVINCE OF ONTARIO

Loan Without Interest	\$	30,207,934.92
-----------------------------	----	---------------

LONG TERM DEBT

Instalment Debentures 4%, 1964-68—Payable in Canadian or U.S. Funds Guaranteed by Province of Ontario	\$	1,506,000.00	
Less—Included in Current Liabilities	285,000.00	\$	1,221,000.00
Debentures 4¼% 1968 — Payable in Canadian Funds Guaranteed by Province of Ontario			5,500,000.00
Instalment Debentures 5¾% 1964-1972 — Payable in Canadian Funds Guaranteed by the Province of Ontario \$	4,500,000.00		
Less—Included in Current Liabilities	500,000.00	4,000,000.00	10,721,000.00

CURRENT LIABILITIES

Instalment Debentures due 1964	\$	785,000.00	
Demand Loan, Guaranteed by Province of Ontario—5¾%		6,400,000.00	
Accounts, Wages and Salaries		1,178,992.52	
Traffic Balances		365,091.74	
Debenture Interest		131,269.15	8,860,353.41

DEFERRED LIABILITIES

Pension Fund Reserve—Contributory	\$	8,003,516.53	
Fire Insurance Fund Reserve		265,362.06	8,268,878.59

UNADJUSTED CREDITS

Fidelity Insurance Reserve	\$	3,610.43	
Other Unadjusted Credits		58,618.03	62,228.46
Donations and Grants—Railway Property			117,575.22
Retained Income			25,917,762.36
	\$		84,155,732.96

The comments in the report attached are an integral part of this balance sheet.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

I have examined the balance sheet of the Ontario Northland Transportation Commission as at December 31, 1963 and the related income statement and retained income account for the year ended on that date. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

Subject to my report of this date attached, in my opinion the accompanying balance sheet and the related income statement and retained income account present fairly the financial position of the Commission as at December 31, 1963 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

G. H. SPENCE, F.C.A.,
Provincial Auditor.

Toronto, Ontario,
March 17, 1964

RETAINED INCOME ACCOUNT

for the year ended December 31, 1963

BALANCE

December 31, 1962\$ 26,642,250.79

ADD—

Balance of 1962 Freight Subsidy	\$ 83,004.05	
Sundry Net Credits	52,367.25	135,371.30

\$ 26,777,622.09

DEDUCT—

Net Loss for the Year Ended		
December 31, 1963	\$ 858,128.02	
Sundry Net Debits	1,731.71	859,859.73

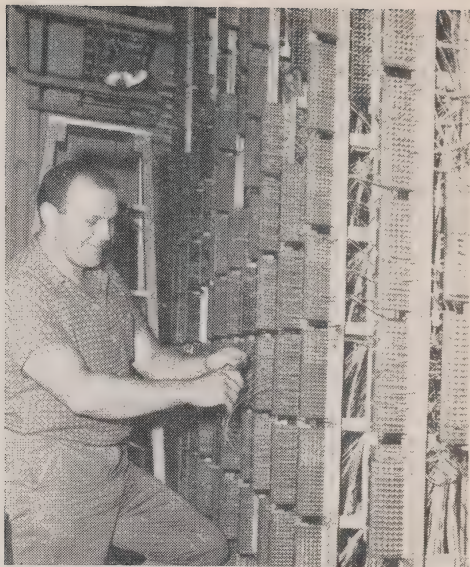
BALANCE—

December 31, 1963\$ 25,917,762.36

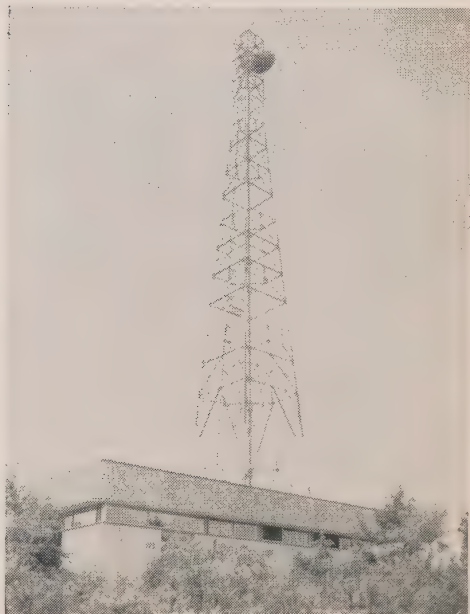
COMBINED OPERATIONS OF THE COMMISSION

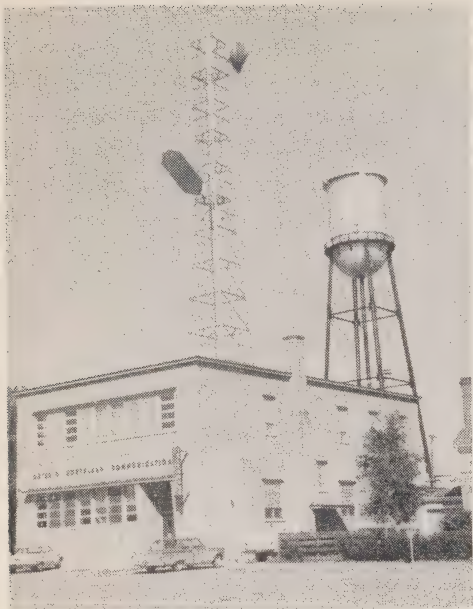
Net Income for Rail, Communications and Miscellaneous Services	\$ 858,128.02	Def.
Net Income—Star Transfer Limited	180,532.96	
Net Earnings	\$ <u>677,595.06</u>	Def.

Communications Expansion Programme

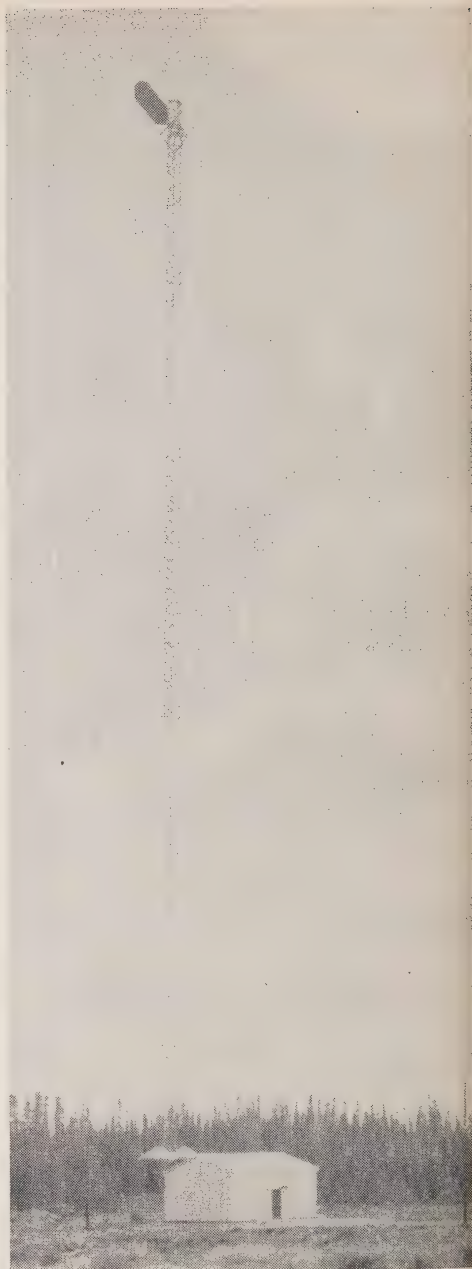
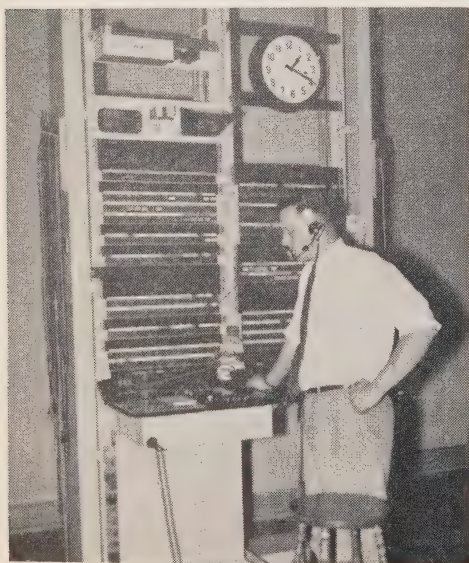


Linking Northeastern Ontario to the rest of the world with long distance telephone, telegraph and other transmission facilities, Ontario Northland Communications has completed a major expansion programme. It included construction of a micro-wave system from North Bay to James Bay. At LEFT is a communications building and tower constructed at Kirkland Lake. ABOVE: A technician installs new equipment. BOTTOM: A landmark on the North Bay skyline is the southern terminal of Ontario Northland Communications.





Importance of the Cochrane communications centre (ABOVE) has been enhanced in the expansion programme. At this point, a lateral extension of the micro-wave system serves the Kapuskasing region. In addition, traffic via high frequency radio for various points on James and Hudson Bays and settlements in the hinterland is routed through Cochrane. **BOTTOM:** A technician on duty at the modern communications nerve centre. Such centres are located at various strategic points on the system.



A typical micro-wave relay station midway between Cochrane and Moosonee. Such stations are located at average intervals of 25 miles along the 500-mile route of the system. The micro-wave system supplements an extensive network of land lines. Importance of the Communications service has grown steadily in the past few years. Business, industry and defence today call for a variety of communications services. In addition to long distance telephone, these include teletype, private wire and data transmission facilities.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

INCOME STATEMENT

for the year ended December 31, 1963

with comparative figures for the year ended December 31, 1962

	Year Ended Dec. 31, 1963	Year Ended Dec. 31, 1962
RAILWAY OPERATING REVENUE (For Details See Schedule "A" Attached)		
Freight Services	\$ 9,081,302.12	\$ 9,600,274.87
Passenger Services	816,741.52	852,317.09
Express	340,472.03	370,613.98
Communications (Commercial)	3,689,399.61	3,201,018.15
All Other	615,897.26	547,870.33
Total Operating Revenue	\$ 14,543,812.54	\$ 14,572,094.42
RAILWAY OPERATING EXPENSE (For Details See Schedule "B" Attached)		
Road Maintenance	\$ 3,187,060.54	\$ 3,097,958.56
Equipment Maintenance	2,900,470.69	2,690,592.86
Traffic	141,438.80	115,426.98
Transportation	4,089,601.84	4,032,451.95
Miscellaneous Operations	152,757.09	147,312.44
Communications (Commercial)	2,461,208.52	2,062,725.80
General	969,588.81	950,494.34
Other—Bus, Boat, Tourist Camp	347,832.32	324,511.18
Total Operating Expenses	\$ 14,249,958.61	\$ 13,421,474.11
Net Revenue from Railway Operations	\$ 293,853.93	\$ 1,150,620.31
TAXES AND RENTS		
Railway Tax Accruals	\$ 108,570.34	\$ 106,838.83
Equipment Rents	280,866.69	196,728.63
Joint Facility Rents	31,394.31Cr.	30,052.82Cr.
Total Taxes and Rents	\$ 358,042.72	\$ 273,514.64
Net Railway Operating Surplus	\$ 64,188.79Def.	\$ 877,105.67
OTHER INCOME		
Miscellaneous	\$ 1,051.45	\$ 1,174.00
Other Rents	299.33Dr.	221.02Dr.
Other Income Charges	46,031.65Cr.	69,275.71Cr.
Total Other Income	\$ 46,783.77	\$ 70,228.69
Surplus Before Fixed Charges	\$ 17,405.02Def.	\$ 947,334.36
FIXED CHARGES		
Interest on Funded Debt	\$ 572,820.02	\$ 414,295.86
Interest on Unfunded Debt	261,785.26	181,151.23
Discount and Expense re Debenture Loan	6,117.72	2,039.00
Total Fixed Charges	\$ 840,723.00	\$ 597,486.09
Net Income Carried to Retained Income Account	\$ 858,128.02Def.	\$ 349,848.27

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

DETAILS OF OPERATING REVENUE

for the year ended December 31, 1963
with comparative figures for year ended December 31, 1962

SCHEDULE "A"	Year Ended Dec. 31, 1963	Year Ended Dec. 31, 1962
FREIGHT SERVICES		
Freight	\$ 9,039,665.42	\$ 9,557,183.19
Switching	11,398.18	15,830.79
Demurrage	28,453.00	25,998.00
Storage	1,785.52	1,262.89
Total	\$ 9,081,302.12	\$ 9,600,274.87
PASSENGER SERVICES		
Passenger	\$ 675,444.02	\$ 742,249.07
Dining & Buffet Cars	86,532.87	67,054.19
Station Train and Boat Privileges	5,289.13	6,339.33
News Service and Restaurants	39,712.18	33,115.34
Baggage Transportation and Storage	9,763.32	3,559.16
	\$ 816,741.52	\$ 852,317.09
EXPRESS		
Express	\$ 340,472.03	\$ 370,613.98
COMMUNICATIONS (Commercial)		
Telegraphs	\$ 292,668.01	\$ 285,761.43
Telephone	3,396,731.60	2,915,256.72
Total	\$ 3,689,399.61	\$ 3,201,018.15
ALL OTHER		
Mail	\$ 171,208.72	\$ 170,172.65
Boat Lines	100,347.77	100,662.37
Highway Transport—Bus	114,386.56	104,939.58
Tourist Camps	96,763.92	71,590.35
Rent—Buildings and Other Property	52,870.33	63,214.73
Miscellaneous	78,450.21	35,175.97
Milk	7,403.36	5,922.54
Joint Facilities	5,533.61Dr.	3,807.86Dr.
Total	\$ 615,897.26	\$ 547,870.33
Total Operating Revenue	\$ 14,543,812.54	\$ 14,572,094.42

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

DETAILS OF OPERATING EXPENSE

for the year ended December 31, 1963

with comparative figures for year ended December 31, 1962

SCHEDULE "B"	Year Ended Dec. 31, 1963	Year Ended Dec. 31, 1962
ROAD MAINTENANCE		
Superintendence	\$ 96,091.11	\$ 92,482.74
TRACK AND ROADWAY		
Track and Roadway Maintenance	\$ 1,234,270.02	\$ 1,210,910.41
Ties	7,749.92	15,948.20
Rails	52,940.46	4,756.77
Other Track Material	58,952.13	49,758.90
Ballast	5,021.49	6,870.46
Fences, Snowsheds and Signs	16,998.63	22,333.75
Small Tools and Supplies	30,180.01	30,929.07
Removing Snow, Ice and Sand	178,626.76	186,425.84
Total	\$ 1,584,739.42	\$ 1,527,933.40
BRIDGES AND STRUCTURES		
Tunnels, Culverts and Bridges	\$ 52,412.16	\$ 64,456.10
Station and Office Buildings	185,040.86	161,953.97
Roadway Buildings	59,980.56	56,171.83
Water and Fuel Stations	6,228.27	7,787.54
Shops and Enginehouses	76,292.40	79,668.74
Power Plant Systems	5,368.93	8,954.49
Other Structures	239.94	1,278.41
Total	\$ 385,563.12	\$ 380,271.08
RAILWAY COMMUNICATIONS AND SIGNAL SYSTEMS		
Communications Rail	\$ 22,718.78	\$ 25,603.58
Signals	118,976.05	116,163.29
Total	\$ 141,694.83	\$ 141,766.87
MISCELLANEOUS		
Roadway Machines	\$ 50,745.00	\$ 42,730.17
Injuries to Persons	33,938.26	28,847.91
Public Improvements	389.63	250.86
Insurance	205.63	115.08
Stationery	526.70	845.68
Other Expenses	36,581.70	29,180.00
Total	\$ 122,386.92	\$ 101,969.70
DEPRECIATION AND RETIREMENTS		
Road and Property Depreciation	\$ 910,326.74	\$ 894,126.00
Dismantling Retired Road Property	7,709.60	12,373.65
Total	\$ 918,036.34	\$ 906,499.65
JOINT FACILITIES		
Maintaining Joint Facilities	\$ 61,451.20Cr.	\$ 52,964.88Cr.
Total Road Maintenance	\$ 3,187,060.54	\$ 3,097,958.56

Year Ended
Dec. 31, 1963

Year Ended
Dec. 31, 1962

EQUIPMENT MAINTENANCE

Superintendence	\$ 109,334.76	\$ 108,926.32
-----------------------	---------------	---------------

MACHINERY

Shop and Power Plant Machinery	\$ 68,253.55	\$ 54,985.41
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EQUIPMENT

Diesel Locomotives	\$ 833,536.54	\$ 766,064.66
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Freight Train Cars	730,329.96	574,766.32
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Passenger Train Cars	322,814.99	356,788.07
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Work Equipment	55,390.32	49,517.36
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Other Equipment	1,274.16	2,397.60
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Total	\$ 1,943,345.97	\$ 1,749,534.01
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MISCELLANEOUS

Injuries to Persons	\$ 21,726.84	\$ 21,814.27
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Insurance	201.39	220.49
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Stationery	3,840.05	3,406.61
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Total	\$ 25,768.28	\$ 25,441.37
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DEPRECIATION AND RETIREMENTS

Other Equipment and Machinery Depreciation	\$ 35,341.53	\$ 31,505.00
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Dismantling Retired Equipment	36.62	287.90
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Rolling Stock Depreciation	736,571.33	735,397.58
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Total	\$ 771,949.48	\$ 767,190.48
-------------	---------------	---------------

JOINT FACILITIES

Maintaining Joint Facilities	\$ 18,181.35Cr.	\$ 15,484.73Cr.
------------------------------------	-----------------	-----------------

Total Equipment Maintenance	\$ 2,900,470.69	\$ 2,690,592.86
-----------------------------------	-----------------	-----------------

TRAFFIC

Superintendence	\$ 106,333.70	\$ 91,720.49
-----------------------	---------------	--------------

Agencies	5,459.72	1,739.95
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Advertising	14,170.57	9,710.42
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Associations	4,944.30	4,066.30
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Stationery	9,673.01	7,433.08
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Other Expenses	857.50	756.74
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Total Traffic	\$ 141,438.80	\$ 115,426.98
---------------------	---------------	---------------

	Year Ended Dec. 31, 1963	Year Ended Dec. 31, 1962
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TRANSPORTATION

SUPERVISION

Superintendence	\$ 158,565.32	\$ 156,014.33
Dispatching	89,328.70	89,236.45
Total	\$ 247,894.02	\$ 245,250.78

STATION SERVICES

Station Employees	\$ 909,984.29	\$ 932,833.15
Weighing, Inspecting and Demurrage	1,227.09	2,156.44
Station Expense	70,665.05	75,531.24
Total	\$ 981,876.43	\$ 1,010,520.83

YARD SERVICES

Yardmasters and Clerks	\$ 205,127.12	\$ 200,029.05
Yard Trainmen	256,641.52	238,913.38
Yard Switchmen	7,849.25	8,322.76
Yard Enginemen	144,335.66	152,289.72
Yard Locomotive Fuel and Power	27,781.57	27,393.04
Yard Locomotive Water	185.29	211.40
Yard Locomotive Other Supplies	722.81	884.05
Yard Enginehouse Expense	9,492.51	8,573.70
Yard Other Expenses	7,538.90	7,407.88
Total	\$ 659,674.63	\$ 644,024.98

TRAIN OPERATIONS

Train Enginemen	\$ 486,549.03	\$ 490,690.49
Train Locomotive Fuel and Power	534,089.27	525,002.36
Train Locomotive Water	5,888.66	6,465.43
Train Locomotive Other Supplies	34,945.30	30,312.55
Train Enginehouse Expenses	272,879.67	255,696.57
Trainmen	605,272.75	557,212.28
Train Other Expenses	366,204.64	375,723.20
Total	\$ 2,305,829.32	\$ 2,241,102.88

MISCELLANEOUS

Signal Operations	\$ 1,257.41	\$ 1,356.57
Crossing Protection	7,313.78	5,978.65
Stationery	31,790.74	28,253.13
Other Expense	27,845.19	29,382.40
Total	\$ 68,207.12	\$ 64,970.75

CASUALTY COSTS

Clearing Wrecks	\$ 15,100.23	\$ 5,857.86
Damage to Property	1,251.82	457.73
Loss and Damage—Freight	83,112.60	87,235.44
Loss and Damage—Baggage	105.75	31.82
Injuries to Persons	35,335.76	35,656.11
Total	\$ 134,906.16	\$ 129,238.96

JOINT FACILITIES

Operating Joint Yards and Terminals	\$ 308,785.84Cr.	\$ 302,657.23Cr.
Total Transportation	\$ 4,089,601.84	\$ 4,032,451.95

Year Ended
Dec. 31, 1963

Year Ended
Dec. 31, 1962

MISCELLANEOUS OPERATIONS

Dining and Buffet Service	\$ 115,567.85	\$ 114,669.03
News Service and Restaurants	36,781.06	32,608.27
Other Operations	408.18	35.14
Total Miscellaneous Operations	<u>\$ 152,757.09</u>	<u>\$ 147,312.44</u>

COMMUNICATIONS (Commercial)

Telegraph Maintenance	\$ 166,587.59	\$ 127,988.50
Telegraph Conducting Operations	114,366.81	110,690.41
Telegraph General	25,542.76	24,979.14
Telegraph Municipal Taxes	2,419.81	2,111.40
Telephone Maintenance	848,395.16	604,490.72
Telephone Conducting Operations	1,101,446.51	1,013,614.56
Telephone General	180,671.55	158,733.40
Telephone Municipal Taxes	21,778.33	20,117.67
Total Communications	<u>\$ 2,461,208.52</u>	<u>\$ 2,062,725.80</u>

GENERAL

General Officers	\$ 154,209.15	\$ 137,995.66
Clerks and Attendants	313,662.46	289,334.65
Office Expenses	16,393.35	14,177.10
Law Expenses	15,301.60	16,456.87
Insurance	33.73	230.29
Pensions	447,151.04	440,187.32
Stationery	19,097.69	14,958.52
Other Expense	34,035.27	61,912.39
General Joint Facilities	30,295.48Cr.	24,758.46Cr.
Total General	<u>\$ 969,588.81</u>	<u>\$ 950,494.34</u>

OTHER

Highway Transport Operations—Bus	\$ 130,757.70	\$ 115,723.39
Boat Line Operations	135,197.70	150,465.64
Tourist Camp Operations	81,876.92	58,322.15
Total Other	<u>\$ 347,832.32</u>	<u>\$ 324,511.18</u>
Total Operating Expense	<u>\$ 14,249,958.61</u>	<u>\$ 13,421,474.11</u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

SOURCE AND APPLICATION OF FUNDS

For the Year ended December 31, 1963

SOURCE OF FUNDS

Charges to Operations Not Requiring Funds

Provision for Depreciation	\$	2,082,172.00	
Amortization of Discount on Debentures		6,117.72	
		<u> </u>	\$ 2,088,289.72
Increase in Demand Loan			4,300,000.00
			<u>\$ 6,388,289.72</u>

APPLICATION OF FUNDS

Net Loss for the Year \$ 858,128.02

Sundry Property Investments 1963

Road Improvements, Leased Lines and			
Equipment	\$	4,868,667.16	
Less—Items not requiring funds		203,105.56	
		<u> </u>	\$ 4,665,561.60

Net Increase in Assets

Cash in Bank	\$	165,846.14	
Less—Net decrease in other assets		97,390.29	
		<u> </u>	

68,455.85

Net Decrease in Liabilities

Instalment Debentures	\$	774,000.00	
Other		22,144.25	
		<u> </u>	

796,144.25

\$ 6,388,289.72

ONTARIO NORTHLAND TRANSPORTATION COMMISSION**AUDITOR'S REPORT**

Toronto, March 17, 1964.

To the Chairman and Members of the
Ontario Northland Transportation Commission,
North Bay, Ontario.

Dear Sir:

In accordance with Section 39 of the Ontario Northland Transportation Commission Act, I have conducted an audit of the books, records and accounts of the Commission for the year ended December 31, 1963 and comment thereon as follows:

Balance Sheet

The cash in banks at December 31, 1963 was reconciled with the balances shown on letters of confirmation received direct from the banks concerned. The securities held for the Contributory Pension Fund and the Fire Insurance Fund at December 31, 1963 were verified by examination and reconciliation with the related records. The Contributory Pension Fund of \$8,003,-516.53 is made up of securities shown at cost value of \$7,868,388.92 together with cash on hand of \$135,127.61. The Fire Insurance Fund of \$265,362.06 is made up of securities shown at cost value of \$262,865.62 together with cash on hand of \$2,496.44.

The Nipissing Central Railway is a wholly owned subsidiary of the Ontario Northland Transportation Commission. By agreement, the Commission operates the property of the Nipissing Central Railway as a part of its system.

Star Transfer Limited is a wholly owned subsidiary of the Ontario Northland Transportation Commission. The head office of Star Transfer Limited is located at Timmins, Ontario, and its operations are conducted by its own executive officers and are entirely separate from those of the Ontario Northland Railway. The operations of Star Transfer Limited for the year ended December 31, 1963, resulted in a net profit of \$180,532.96. The Company has not declared any dividend and therefore the Commission has not received any income from this source during the year ended December 31, 1963.

Material and Supplies of the Commission had a total book value of \$1,-947,896.14 at December 31, 1963 which is a decrease of \$57,105.89 from the previous year.

A physical inventory of Material and Supplies was taken by the Ontario Northland Railway as at August 31, 1963 and I have received certificates from responsible officers to the effect:

- (a) That the quantities were determined by actual physical count, weight or measurement or by conservative estimate where actual count, weight or measurement was impracticable, and
- (b) That the basis of Inventory pricing was laid down cost for new material and estimated utility or sales value for usable reclaimed, obsolete and scrap material, after making reasonable pricing allowance for condition thereof.

The General Manager and the Comptroller of the Commission have stated that, to the best of their knowledge and belief, all liabilities of the Commission have been disclosed on the balance sheet at December 31, 1963 with the exception of the following contingent liabilities.

- "(a) Permanent awards under the Workmen's Compensation Act for which no reserve has been set up in the books of the Commission.
- (b) Amounts required to meet Non-Contributory Pension Payroll.
- (c) (i) Guarantee of the Commission given to the Toronto-Dominion Bank at Timmins to cover such loans or overdrafts as may be incurred by Star Transfer Limited from time to time in respect to normal operation of the business, and
- (ii) To cover the performance of obligations of Star Transfer Limited for construction or the repayment of monies in respect to obligations for construction up to \$250,000.00."

The special programme for the extension of communications facilities referred to in the previous report at an estimated cost of some \$7,200,000.00 was substantially completed in 1963. Upon completion of the programme in 1964, it is anticipated that the total expenditure will be somewhat less than the original estimate.

In previous reports reference has been made to the serious position of the Contributory Pension Fund. An actuarial valuation should be made without further delay to determine the existing deficit as seven years have now passed without such an examination. When the amount of the anticipated deficit is known, arrangements should be made to fund it over a reasonable period of time.

Accounts Receivable and Accounts Payable at December 31, 1963 were not confirmed by direct correspondence with the debtors or creditors concerned.

Retained Income Account

The balance at the credit of the retained income account at December 31, 1963 is \$25,917,762.36, a decrease of \$724,488.43 from the comparable figure at December 31, 1962. The net decrease arises from a net loss from operations of \$858,128.02 together with sundry debits of \$1,731.71 less the balance received of freight subsidy earned in 1962 of \$83,004.05 and sundry credits of \$52,367.25.

Income Statement

The operations of the Commission for the year ended December 31, 1963 resulted in a net loss of \$858,128.02. While the overall operations of the Commission show a net loss, the Commercial Communications system of the Railroad continue to be profitable producing a net operating revenue of \$1,228,191.09 for the year.

During the year ended December 31, 1963 no interest has been required from the Commission on the loan of \$30,207,934.92 owing to the Province of Ontario.

Statement of Source and Application of Funds

This statement has been prepared for the purpose of showing the major changes in operating capital during the year ended December 31, 1963.

Yours faithfully,

(Signed) G. H. SPENCE, F.C.A.,
Provincial Auditor.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

TRAFFIC AND MILEAGE STATISTICS

January 1 to December 31, 1963

PASSENGER TRAFFIC

Number of passengers carried earning revenue	193,700
Number of passengers carried one mile	21,190,014
Number of passengers carried one mile per mile of road	37,418
Average distance carried (miles)	109.4
Total passenger revenue	675,444.02
Average amount received from each passenger	3.49
Average receipts per passenger per mile (cents)	3.18
Total passenger train service revenue	1,204,149.59
Passenger service train revenue per mile of road	2,126.34
Passenger service train revenue per train mile	2.53

FREIGHT TRAFFIC

Number of tons carried earning revenue	2,328,109
Number of tons carried earning revenue one mile	496,222,092
Number of tons carried earning revenue one mile per mile of road	876,253
Average distance haul of one ton (miles)	213.14
Total freight revenue	9,122,669.47
Average amount received for each ton	3.92
Average amount received per ton per mile (cents)	1.84
Freight revenue per mile of road	16,109.25
Freight revenue per train mile	13.38

TOTAL TRAFFIC

Operating revenue	14,626,816.59
Operating revenue per mile of road	25,828.74
Operating revenue per train mile	12.63
Operating expense	14,608,001.33
Operating expenses per mile of road	25,795.51
Operating expenses per train mile	12.61
Net operating revenue	18,815.26
Net operating revenue per mile of road	33.22

CAR MILEAGE

Average number of passengers carried one mile per car mile	5.
Average number of passengers carried one mile per train mile	44.5
Average number of passenger cars per train mile	8.8
Mileage of passenger cars	4,197,385
Mileage of loaded freight cars	15,220,255
Mileage of empty freight cars	11,854,190
Average number of freight cars per train mile	40.7
Average number of loaded freight cars per train mile	22.3
Average number of empty freight cars per train mile	17.4
Average number of tons of freight per train mile	727.7
Average number of tons of freight per loaded car mile	32.6
Average number of miles operated during year	566.3

TRAIN MILEAGE

Mileage of revenue passenger trains	476,116
Mileage of revenue freight trains	681,880
Total revenue train mileage	1,157,996

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

DETAILS OF RAILWAY EQUIPMENT

LOCOMOTIVES	Dec 31 1962	Additions	Retirements	Conversions	Dec. 31 1963
Freight—Steam	0	—	—	—	0
Diesel Yard Switcher	4	—	—	—	4
Diesel Road Switcher	22	—	—	—	22
Road "A" Units	22	—	—	—	22
	<u>48</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>48</u>

PASSENGER EQUIPMENT

1st Class	27	—	—	—	27
Combination	5	—	—	—	5
Restaurant	2	—	1	—	1
Lunch and 1st Class	2	—	—	—	2
Cafe Parlor	1	—	—	—	1
Postal Baggage	18	—	—	—	18
Other (Box Baggage)	2	—	—	—	2
	<u>57</u>	<u>—</u>	<u>1</u>	<u>—</u>	<u>56</u>

FREIGHT REVENUE EQUIPMENT

Box	1014	—	7	—	1007
Flat	161	—	4	—	157
Hopper	100	—	—	—	100
Stock	22	—	1	—	21
	<u>1297</u>	<u>—</u>	<u>12</u>	<u>—</u>	<u>1285</u>
Cabooses	36	—	2	—	34
Steam Generator Car	1	—	—	—	1

WORK EQUIPMENT

Business Cars	3	—	—	—	3
All Other Cars in Railway Service	233	1	9	—	225
	<u>236</u>	<u>1</u>	<u>9</u>	<u>—</u>	<u>228</u>

HIGHWAY EQUIPMENT

Bus	8	—	—	—	8
Trucks	19	3	2	—	20
Trailers	6	—	—	—	6
Station Wagons	4	—	—	—	4
Volkswagon Coach	2	—	—	—	2
	<u>39</u>	<u>3</u>	<u>2</u>	<u>—</u>	<u>40</u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

MILES OF TRACK OPERATED

At close of Fiscal Year, December 31, 1963

MAIN LINE		Miles	
North Bay — Timmins		257.20	
Porquis — Cochrane		28.20	
Cochrane — Moosonee		186.20	471.60
BRANCH LINES			
Earlton — Elk Lake		28.50	
Welsh — Iroquois Falls		6.20	
Swastika Junction — Noranda		60.00	
Adams Junction — Dead End		4.80	99.50
OTHER TRACKS			
Yard Tracks and Sidings		112.25	
Public Tracks		19.05	
Under Private Siding Agreement		15.45	
Owned Outright by the Industry		4.94	151.69
			<u>722.79</u>

ANNUAL REPORT
of
STAR TRANSFER LIMITED

For Year Ended
DECEMBER 31, 1963

Head Office
TIMMINS, ONTARIO

BOARD OF DIRECTORS

W. A. JOHNSTON, M.P.P.	President	South River
K. PASSMORE	Vice-President & Managing Director	Timmins
E. A. FRITH	Vice-President	North Bay
R. BRUNELLE, M.P.P.	Director	Moonbeam
J. A. FULLERTON	Director	Thessalon
J. KENNEDY	Director	North Bay
W. R. THOMPSON	Director	Swastika
G. H. STANLEY	Treasurer	Timmins
S. W. GOWAN	Secretary	North Bay

STAR TRANSFER LIMITED

(Incorporated under the laws of Ontario as a Private Company)

BALANCE SHEET

as at December 31, 1963

ASSETS**CURRENT**

Cash on hand and in banks	\$	38,056.92		
Accounts receivable	\$	210,860.69		
Less: Allowance for doubtful accounts		2,000.00	208,860.69	\$ 246,917.61
Mortgages receivable				20,955.01

FIXED—At Cost

Land	\$	94,999.49		
Buildings	\$	555,697.18		
Less—				
Accumulated depreciation		96,587.79	459,109.39	
Trucks and trailers	\$	1,211,732.98		
Less—				
Accumulated depreciation		919,177.98	292,555.00	
Equipment, Furniture, Fixtures ..	\$	74,827.83		
Less—				
Accumulated depreciation		38,291.74	36,536.09	883,199.97
Prepaid expenses, deferred charges and security deposits				11,082.08
Goodwill				15,000.00
				<u>\$ 1,177,154.67</u>

Approved on behalf of the Board,

W. A. Johnston—Director

Ken Passmore—Director

STAR TRANSFER LIMITED

(Incorporated under the laws of Ontario as a Private Company)

BALANCE SHEET

as at December 31, 1963

LIABILITIES**CURRENT**

Accounts payable and accrued charges	\$	98,355.05	
Bank loan—secured		36,000.00	
Receiver General re employees' tax deductions		5,592.90	
Mortgage instalments payable within one year		1,020.88	
Accrued Wages		16,409.20	\$ 157,378.03
Indebtedness not maturing within one year			
Mortgage payable			392.00

CAPITAL AND SURPLUS

Capital Stock

Preference

6% non-cumulative, redeemable,
par value \$100.00 each
Authorized, 443 shares

Issued and fully paid 395 shares\$ 39,500.00

Common

Par value \$100.00 each
Authorized 200 shares

Issued and fully paid 145 shares 14,500.00

\$ 54,000.00

Contributed surplus 4,200.00

Earned surplus 961,184.64 1,019,384.64

\$ 1,177,154.67

STAR TRANSFER LIMITED**AUDITOR'S REPORT**

To the Shareholders:

I have examined the balance sheet of Star Transfer Limited as at December 31, 1963 and the statements of profit and loss and surplus for the year ended on that date. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as were considered necessary in the circumstances.

In my opinion the accompanying balance sheet and related statements of profit and loss and surplus present fairly the financial position of the Company as at December 31, 1963 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

(Signed) G. H. SPENCE, F.C.A.
Provincial Auditor.

Toronto, Ontario
March 17, 1964.

STAR TRANSFER LIMITED**STATEMENT OF EARNED SURPLUS**

For the Year ended December 31, 1963

Balance — December 31, 1962\$ 773,576.38

Add:

Net profit for the year
ended December 31, 1963\$ 180,532.96

Bad debts recovered 323.33

Profit on disposal of fixed assets 6,751.97 187,608.26

Balance December 31, 1963\$ 961,184.64

STATEMENT OF CONTRIBUTED SURPLUS

For the year ended December 31, 1963

Balance—December 31, 1963 (no change during 1963)\$ 4,200.00

STAR TRANSFER LIMITED

ADMINISTRATION EXPENSES

For the year ended December 31, 1963

Advertising	\$ 5,894.50
Association dues	2,237.67
Provision for doubtful accounts	2,812.06
Bank exchange and charges	3,306.44
Bank interest	5,755.93
Legal, audit and collection	7,679.71
Mortgage interest	1,991.40
Office and general	9,732.82
Office Salaries	159,317.17
Postage	2,293.86
Salesmen's expenses	1,669.45
Telephone, telegraph and teletype	19,020.04
Travelling	2,133.71
Donations	2,268.00
	<u>\$226,112.76</u>

STAR TRANSFER LIMITED

STATEMENT OF PROFIT AND LOSS

For the year ended December 31, 1963

REVENUE

Transport trucking	\$	2,162,898.82	
Less—Interline charges		125,772.97	\$ 2,037,125.85
Commissions earned			3,907.08
Cold storage			456.08
Heating and icing			4,332.09
Rentals			5,455.00
Miscellaneous			4,680.58
Bond interest			26.25
			<u>\$ 2,055,982.93</u>

EXPENSES

Damages	\$	18,837.60	
Provision for depreciation—			
Buildings	\$	24,027.61	
Equipment		9,134.03	
Trucks and trailers		125,381.19	158,542.83
Employees' pension fund		8,672.04	
Gasoline and oil		302,392.32	
Group Insurance		6,555.42	
Heating and icing		2,529.35	
Insurance		51,191.74	
Licences		67,691.19	
Light, heat, power and water		13,378.95	
Maintenance—			
Buildings	\$	12,632.86	
Equipment		1,790.49	14,423.35
Meals		3,480.14	
Miscellaneous		1,848.42	
Municipal taxes		18,752.46	
Radio telephone		5,899.57	
Rent		1,815.00	
Repairs, trucks and trailers		172,287.88	
Tires and tubes		76,439.11	
Unemployment insurance		7,246.16	
Vacation Pay		18,730.55	
Wages		651,321.64	
Welfare payments		17,031.00	
Workmen's compensation		22,348.56	
Security guards		7,921.93	
Administration expenses, per schedule		226,112.76	1,875,449.97
Net Profit for the year	\$		<u>180,532.96</u>

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(SIXTY-FOURTH ANNUAL REPORT

OF THE

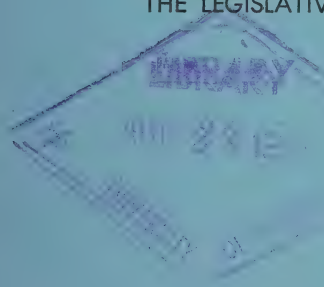
/// **Ontario Northland Transportation
Commission**

PROVINCE OF ONTARIO

HONOURABLE JOHN P. ROBARTS, Q.C.
Prime Minister)

For the Year Ended December 31, 1964

PRINTED by ORDER of
THE LEGISLATIVE ASSEMBLY OF ONTARIO



ONTARIO

(TORONTO

Printed and Published by Frank Fogg, Printer to the Queen's
Most Excellent Majesty, 1965

SIXTY-FOURTH ANNUAL REPORT
OF THE
**Ontario Northland Transportation
Commission**

ONTARIO GOVERNMENT RAILWAY

HONOURABLE JOHN P. ROBARTS, Q.C.
Prime Minister

For the Year Ended December 31, 1964

PRINTED by ORDER of
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TORONTO

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Most Excellent Majesty, 1965

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

W. A. JOHNSTON, M.P.P.	Chairman	South River
R. BRUNELLE, M.P.P.	Commissioner	Moonbeam
W. R. THOMPSON	Commissioner	Swastika
J. A. KENNEDY	Commissioner	North Bay
S. W. GOWAN	Secretary	North Bay

PRINCIPAL OFFICERS

E. A. FRITH	General Manager	North Bay
J. W. MILLAR	Manager of Rail Services	North Bay
T. D. SAUNDERS	Director of Planning and Research	North Bay
S. W. GOWAN	Director of Finance and Administration	North Bay
J. S. COOPER	Chief Engineer	North Bay
R. A. WILLOUGHBY	Superintendent of Train Operations	Englehart
C. C. OLLIVIER	Superintendent of Express-Freight	North Bay
W. A. ETCHES	Chief Mechanical Officer	North Bay
R. J. SAYER	Manager Sales and Development	North Bay
H. H. PHILLIPS	Traffic Manager	North Bay
L. K. SMILEY	Manager of Communications	North Bay
D. E. MacDOUGALL	Comptroller	North Bay
T. W. PRESCOTT	Auditor of Disbursements	North Bay
G. W. WILLOUGHBY	Auditor of Revenues	North Bay
W. H. HURST	Purchasing Agent	North Bay
J. BRISBANE	Treasurer	North Bay
C. DOUGHTY	Supervisor Car Service	North Bay

ONTARIO NORTHLAND RAILWAY

North Bay, Ontario,

March 24, 1965.

Mr. W. A. Johnston, M.P.P.,

Chairman.

Dear Sir:—

The following report of operations for fiscal year ending December 31, 1964 is respectfully submitted.

Unfortunately it was not possible to avoid an operating deficit in 1964. While there has been a small increase in the deficit, the situation is much better than was anticipated earlier in the year. The following condensed figures indicate revenues and expenses for the year:

Rail, Communications and Miscellaneous Operations:

	1964	1963	Increase or Decrease
Total Revenue	\$15,280,110.00	\$14,543,812.00	\$ 736,298.00*
Total Expense	16,141,636.00	15,401,940.00	739,696.00*
Net Earnings	\$ 861,526.00‡	\$ 858,128.00‡	\$ 3,398.00†

Star Transfer Limited:

Total Revenue	\$ 2,185,481.00	\$ 2,055,983.00	\$ 129,498.00*
Total Expense	2,044,063.00	1,875,450.00	168,613.00*
Net Earnings	\$ 141,418.00	\$ 180,533.00	\$ 39,115.00†

Net Position

All Operations	\$ 720,108.00‡	\$ 677,595.00‡	\$ 42,513.00†
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(*) Denotes Increase.

(‡) Denotes Decrease.

(†) Denotes Deficit.

The increase in revenues can be almost entirely attributed to Communications who received benefit of defence contracts for full year of 1964 as against a few months only in 1963. The total of rail and other revenues is relatively unchanged.

To achieve this Communications increase, additional expenses were incurred amounting to approximately \$280,000.00. Balance of increased expense is due to additional interest charges of slightly over \$100,000.00 and to increased costs of the rail and express-freight operations of about \$360,000.00. Wage increases during the year averaged about three percent which would add something over \$200,000.00 to the wage bill.

Star Transfer Limited continues to have a successful operation although their net position declined somewhat in 1964. Gross revenue increased by almost \$130,000.00 but this was more than offset by additional expenses of \$168,613.00. The fact that an increasing volume of bulk goods are being handled at lower rates would account, partially at least, for expenses increasing faster than revenues. Wage increases applied during the year also contributed to this.

Financial:

Overall debt of the Commission increased during the year to \$18,906,000.00 from \$17,906,000.00. Debentures in the principal amount of \$7,500,000.00 were issued under date of December 15, 1964, proceeds from sale of which were applied to reduce temporary borrowing.

Debentures amounting to \$785,000.00 matured in 1964 and were retired. Temporary borrowing at year end stood at \$400,000.00. All interest payments were met in full.

Pension Fund:

The number of persons on railway pension payrolls continues to increase as does the total pensions payable. Number of pensioners at December 31, 1964 was as follows:

	Employees	Dependents	Total	Pensions Paid December, 1964
Contributory Plan	420	267	687	\$84,940.41
Non-Contributory Plan	11	0	11	732.62

Fire Insurance Reserve Fund:

There was in this fund at December 31, 1964 the amount of \$267,497.00, an increase of \$2,135.00 during the year. No contributions are presently going into the fund as the earnings of the fund are sufficient to meet average fire losses. Should a severe fire loss occur, this position would have to be reviewed.

Passenger Service:

Effective with withdrawal of passenger trains 46 and 47, April 26, 1964, trains 49 and 50, which provide an overnight service between Toronto and northern points, was increased from six days per week to seven days per week. In addition bus service was increased from one trip daily in each direction to three trips in each direction, two of which operate between North Bay and Timmins and the third between North Bay and Cochrane.

These changes and the more frequent service appear to have met with public approval as there has been an encouraging increase in the number of passengers handled under the new arrangement.

Express-Freight Service:

An express-freight service for the handling of express and L.C.L. freight was inaugurated April 26, 1964. Express services, which previous to this date were handled over O.N.R. lines by C.N. and C.P. Express Companies on a percentage basis, were taken over by the O.N.R. and combined with L.C.L. freight traffic. An express-freight train handles this combined traffic out of Toronto to points on the C.N.R. and O.N.R. On the O.N.R. freight terminals have been established at New Liskeard, Kirkland Lake, Iroquois Falls, Timmins and Cochrane. On receipt of cars at these terminals express-freight is distributed to intermediate points by truck. This method of handling permits a fast rail service from Southern Ontario to points on the O.N.R. and in most cases delivery to the customer is effected the day following shipment.

Inauguration of this service was a large undertaking and involved problems not previously encountered. Many improvements have been made as a result of experience and it is anticipated that further refinements may be possible. The aim is, of course, to provide a fast dependable service throughout the area served by the Railway.

Communications:

This department's business continues to grow as long distance calling increased substantially and the demand for other communications services continues with resulting higher net revenues.

At Timmins, the Communications Building has been enlarged to provide space for additional switchboards to take care of a significant increase in new business. Long Distance dialing equipment has been installed at New Liskeard to improve service on incoming long distance calls in the area from Temagami to Kirkland Lake. Additional equipment has also been added throughout the system as required to provide for general growth and for the upgrading of services.

The long distance operations at Swastika and New Liskeard have been combined to provide more efficient service and to reduce operating expenses.

The new facilities leased on a long term contract, to the Dominion Government late last year, continue to provide satisfactory service and revenues from this source had a substantial effect on the net revenue position.

The radio telephone system at Moosonee has been improved and extended and now provides long distance telephone service to 12 communities north and west of Moosonee.

Employer-Employee Relationship:

During 1965 new contracts were negotiated with all groups of employees with wage increases as indicated below:

Non-Operating Employees:

January 1, 1964 — 6c per hour.

July 1, 1964 — 3c per hour.

January 1, 1965 — 2 percent.

July 1, 1965 — 3 percent.

Contract expires December 31, 1965.

Conductors, Brakemen, Baggage-men and Yardmen:

January 1, 1964 — 2 percent.

September 1, 1964 — 1 percent.

May 1, 1965 — 2 percent.

Contract expires December 31, 1965.

Locomotive Engineers:

Passenger and Freight Service —

May 1, 1964 — 3 percent.

May 1, 1965 — ½ of 1 percent.

Yard Service —

May 1, 1964 — 2½ percent.

May 1, 1965 — 2½ percent.

May 1, 1966 — 7 percent.

Contract expires April 30, 1967.

Locomotive Firemen and Hostlers:

Passenger Service and Hostlers —

May 1, 1964 — 1 percent.

December 1, 1964 — 1 percent.

May 1, 1965 — 1 percent.

December 1, 1965 — 2 percent.

December 1, 1966 — 1½ percent.

Freight Service —

May 1, 1964 — 1 percent.

December 1, 1964 — 1 percent.

May 1, 1965 — 1 percent.

December 1, 1965 — 1 percent.

Contract expires April 30, 1967.

Prospective:

While the operating results over the past several years have not been encouraging, there is reason to believe that the downward trend may be reversed shortly and that a brighter situation will result.

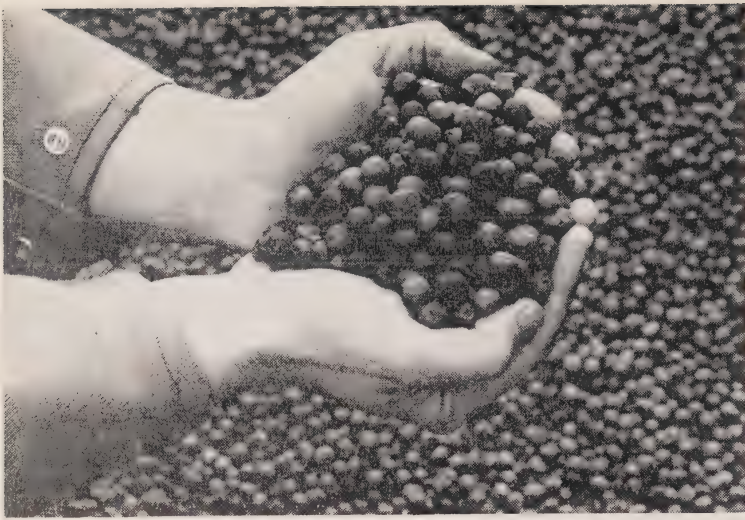
Shipments of ore from Adam's Mine are anticipated to commence early in 1965 and this will materially assist our revenues. Express-Freight, it is hoped, will increase in volume and there is also the possibility in this area of some economies in operation. With an increased number of passengers being handled on trains and buses, it is expected these revenues will hold steady or possibly increase. Communications revenues continue to show improvement and this trend should continue.

Of major importance is the development of ore bodies at Timmins and Temagami. These, if and when they come into production, and along with Adam's Mine, will greatly improve the revenue situation of the railway and should take the Commission's overall operations out of their present deficit position. Definite information as to the timing of these developments is at the moment uncertain but there is a possibility that work may start at Timmins in 1965 and at Temagami in 1966 or 1967. In any event when these developments take place they will be of great economic value to the whole Province and to Northern Ontario in particular.

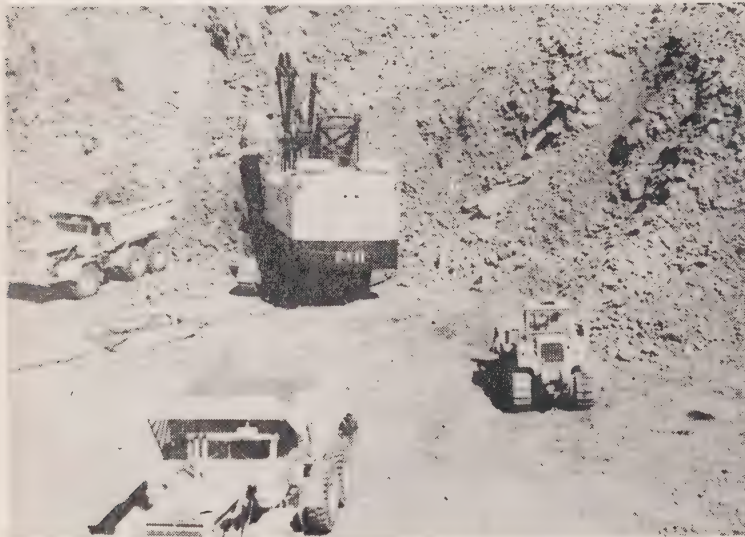
Yours very truly,

E. A. FRITH,

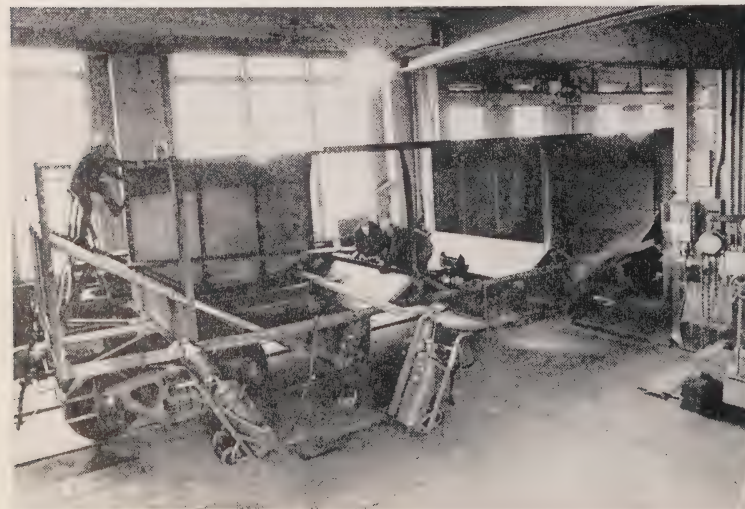
General Manager.



Operations started at
Dane to produce one
million tons of iron
ore pellets per year.



Open pit mining at
Adams Mine at Dane.
After concentrating,
iron is shipped to
United States.



Cars are renovated
in North Bay shops
for iron traffic from
the Adams Mine at
Dane.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Balance Sheet as at December 31, 1964

ASSETS

INVESTMENTS:

Road	\$65,016,745.39		
Leased Property —			
Improvements	3,760,174.73		
Miscellaneous	432,331.03		
	<u>\$69,209,251.15</u>		
Less — Accumulated Depreciation	13,661,970.50	\$55,547,280.65	
Equipment	\$22,785,442.58		
Floating Equipment	390,790.36		
	<u>\$23,176,232.94</u>		
Less — Accumulated Depreciation	11,777,941.30	11,398,291.64	
Investment in Wholly Owned Subsidiaries —			
Nipissing Central Railway	\$ 4,943,358.00		
Less — Retirement Reserve	674,370.71		
	<u>\$ 4,268,987.29</u>		
Star Transfer Limited	691,800.21	4,960,787.50	\$71,906,359.79

CURRENT ASSETS:

Cash in Bank	\$ 169,386.71		
Agents' and Conductors' Balances	1,249,209.26		
Accounts Receivable	512,329.13		
Material and Supplies	2,105,212.64		
Other Assets	1,775.00	4,037,912.74	

DEFERRED ASSETS:

Pension Fund — Contributory	\$ 8,315,751.05		
Fire Insurance Fund	267,497.64	8,583,248.69	

UNADJUSTED DEBITS:

Ballast Pits	\$ 50,894.19		
Discount and Expense re Debenture Loans	103,409.53		
Other Unadjusted Debits	65,282.27	219,585.99	
		<u>\$84,747,107.21</u>	

D. E. MacDougall, Comptroller.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Balance Sheet as at December 31, 1964

LIABILITIES

LOAN FROM PROVINCE OF ONTARIO:

Loan Without Interest	\$30,207,934.92
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LONG TERM DEBT:

Instalment Debentures 4%, 1965-1968		
— Payable in Canadian or U.S.		
Funds Guaranteed by Province of Ontario	\$ 1,221,000.00	
Less — Included in Current Liabilities ..	263,000.00	\$ 958,000.00
Debentures 4¼%, 1968 — Payable in Canadian Funds Guaranteed by Province of Ontario		5,500,000.00
Instalment Debentures 5¾%, 1965-1972 — Payable in Canadian Funds Guaranteed by Province of Ontario ..	\$ 4,000,000.00	
Less — Included in Current Liabilities ..	500,000.00	3,500,000.00
Debentures 5%, 1969 — Payable in Canadian Funds Guaranteed by Province of Ontario		7,500,000.00
		17,458,000.00

CURRENT LIABILITIES:

Instalment Debentures due in 1965	\$ 763,000.00	
Demand Loan Guaranteed by Province of Ontario, 5¾% ..	400,000.00	
Accounts, Wages and Salaries	1,499,205.31	
Traffic Balances	435,972.33	
Debenture Interest	132,580.83	3,230,758.47

DEFERRED LIABILITIES:

Pension Fund Reserve — Contributory	\$ 8,315,751.05	
Fire Insurance Fund Reserve	267,497.64	8,583,248.69

UNADJUSTED CREDITS:

Fidelity Insurance Reserve	\$ 3,610.43	
Other Unadjusted Credits	65,395.72	69,006.15

DONATIONS AND GRANTS — RAILWAY PROPERTY	132,341.48
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RETAINED INCOME	25,065,817.50
	<u>\$84,747,107.21</u>

The comments in the report attached are an integral part of this balance sheet.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

I have examined the balance sheet of the Ontario Northland Transportation Commission as at December 31, 1964 and the related income statement and retained income statement for the year ended on that date. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

Subject to my report of this date attached, in my opinion the accompanying balance sheet and the related income statement and retained income statement present fairly the financial position of the Commission as at December 31, 1964 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

G. H. SPENCE, F.C.A.,
Provincial Auditor.

Toronto, Ontario,
March 22, 1965.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

RETAINED INCOME STATEMENT

For the Year Ended December 31, 1964

BALANCE, December 31, 1963			\$25,917,762.36
ADD —			
Unclaimed Vouchers and Wages	\$	720.53	
Profit on Sale of Lots, etc.		10,729.21	11,449.74
			\$25,929,212.10
DEDUCT —			
Uncollectible Accounts	\$	1,868.28	
Net Loss for Year Ended December 31, 1964		861,526.32	863,394.60
			\$25,065,817.50
BALANCE, December 31, 1964			

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

INCOME STATEMENT

For the Year Ended December 31, 1964

With Comparative Figures for the Year Ended December 31, 1963

	Year Ended December 31, 1964	Year Ended December 31, 1963
RAILWAY OPERATING REVENUE (For Details See Schedule "A" Attached)		
Freight Services	\$ 8,795,786.02	\$ 9,081,302.12
Passenger Services	785,816.80	816,741.52
Express	626,767.94	340,472.03
Communications (Commercial)	4,458,281.38	3,689,399.61
All Other	613,458.64	615,897.26
Total Operating Revenue	\$15,280,110.78	\$14,543,812.54

RAILWAY OPERATING EXPENSE (For Details See Schedule "B" Attached)		
Road Maintenance	\$ 3,210,407.74	\$ 3,187,060.54
Equipment Maintenance	2,802,244.30	2,900,470.69
Traffic	163,159.07	141,438.80
Transportation	4,510,139.88	4,089,601.84
Miscellaneous Operations	161,259.98	152,757.09
Communications (Commercial)	2,740,988.03	2,461,208.52
General	987,600.43	969,588.81
Other—Bus, Boat, Tourist Camp	392,338.95	347,832.32
Total Operating Expense	\$14,968,138.38	\$14,249,958.61
Net Revenue from Railway Operations	\$ 311,972.40	\$ 293,853.93

TAXES AND RENTS		
Railway Tax Accruals	\$ 108,952.75	\$ 108,570.34
Equipment Rents	238,331.13	280,866.69
Joint Facilities Rent	32,457.91\$	31,394.31\$
Total Taxes and Rents	\$ 314,825.97	\$ 358,042.72
Net Railway Operating Deficit	\$ 2,853.57	\$ 64,188.79

OTHER INCOME		
Miscellaneous	\$ 1,074.00	\$ 1,051.45
Dividend Star Transfer Limited	40,500.00	
Other Rents	458.32	299.33
Other Income Charges	42,503.98	46,031.65
Total Other Income	\$ 83,619.66	\$ 46,783.77
Surplus Before Fixed Charges	\$ 80,766.09	\$ 17,405.02‡

FIXED CHARGES		
Interest on Funded Debt	\$ 548,331.68	\$ 572,820.02
Interest on Unfunded Debt	387,368.16	261,785.26
Discount and Expense re Debenture Loans	6,592.57	6,117.72
Total Fixed Charges	\$ 942,292.41	\$ 840,723.00
Net Loss Carried to Retained Income Account	\$ 861,526.32	\$ 858,128.02

(§) Denotes Cr.

(||) Denotes Dr.

(‡) Denotes Deficit.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

SOURCE AND APPLICATION OF FUNDS

For the Year Ended December 31, 1964

SOURCE OF FUNDS:

Charges to Operations Not Requiring An Outlay of Funds:

Provision for Depreciation	\$ 2,251,747.98	
Amortization of Discount on Debentures	6,592.57	\$ 2,258,340.55
Long Term Debt Issued	\$ 7,500,000.00	
Less: Reduction in Demand Loan	6,000,000.00	1,500,000.00
Decrease in Working Capital		393,490.96
Miscellaneous Items (net)		21,939.41
		<u>\$ 4,173,770.92</u>

APPLICATION OF FUNDS:

Net Loss For the Year	\$ 861,526.32	
Additions to Fixed Assets	\$ 2,487,894.63	
Less: Proceeds from Disposal of Fixed Assets	17,631.74	
		2,470,262.89
Debenture Instalments		785,000.00
Discount and Expense re Debenture Issue		56,981.71
		<u>\$ 4,173,770.92</u>

COMBINED OPERATIONS OF THE COMMISSION

Net Income for Rail, Communications and Miscellaneous Services	\$ 861,526.32†
Net Income — Star Transfer Limited	136,439.70
Net Earnings	<u>\$ 725,086.62†</u>

(†) Denotes Deficit.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

DETAILS OF OPERATING REVENUE

For the Year Ended December 31, 1964

With Comparative Figures for Year Ended December 31, 1963

SCHEDULE "A"

FREIGHT SERVICES

	Year Ended December 31, 1964	Year Ended December 31, 1963
Freight	\$ 8,740,092.06	\$ 9,039,665.42
Switching	17,444.30	11,398.18
Demurrage	37,851.00	28,453.00
Storage	398.66	1,785.52
Total	\$ 8,795,786.02	\$ 9,081,302.12

PASSENGER SERVICES

Passenger	\$ 625,890.83	\$ 675,444.02
Dining and Buffet Cars	114,355.51	86,532.87
Station, Train and Boat Privileges	4,351.70	5,289.13
News Service and Restaurants	38,288.34	39,712.18
Baggage, Transportation and Storage	2,930.42	9,763.32
Total	\$ 785,816.80	\$ 816,741.52

EXPRESS

Express	\$ 626,767.94	\$ 340,472.03
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COMMUNICATIONS (Commercial)

Telegraph	\$ 304,845.75	\$ 292,668.01
Telephone	4,153,435.63	3,396,731.60
Total	\$ 4,458,281.38	\$ 3,689,399.61

ALL OTHER

Mail	\$ 95,635.52	\$ 171,208.72
Boat Lines	96,884.13	100,347.77
Highway Transport, Bus	185,376.86	114,386.56
Tourist Camps	99,603.12	96,763.92
Rent—Buildings and Other Property	62,029.20	52,870.33
Miscellaneous	73,786.99	78,450.21
Milk	6,767.49	7,403.36
Joint Facilities	6,624.67	5,533.61
Total	\$ 613,458.64	\$ 615,897.26
Total Operating Revenue	\$15,280,110.78	\$14,543,812.54

(||) Denotes Dr.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

DETAILS OF OPERATING EXPENSE

For the Year Ended December 31, 1964

With Comparative Figures for Year Ended December 31, 1963

SCHEDULE "B"

	Year Ended December 31, 1964	Year Ended December 31, 1963
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ROAD MAINTENANCE

SUPERINTENDENCE	\$ 94,430.11	\$ 96,091.11
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TRACK AND ROADWAY:

Track and Roadway Maintenance	\$ 1,197,289.79	\$ 1,234,270.02
Ties	696.01	7,749.92
Rails	64,890.64	52,940.46
Other Track Material	47,390.82	58,952.13
Ballast	833.58§	5,021.49
Fences, Snowsheds and Signs	11,994.52	16,998.63
Small Tools and Supplies	41,572.41	30,180.01
Removing Snow, Ice and Sand	244,821.94	178,626.76

Total	\$ 1,607,822.55	\$ 1,584,739.42
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BRIDGES AND STRUCTURES:

Tunnels, Bridges and Culverts	\$ 110,247.67	\$ 52,412.16
Station and Office Buildings	152,330.93	185,040.86
Roadway Buildings	38,340.98	59,980.56
Water and Fuel Stations	7,057.52	6,228.27
Shops and Enginehouses	68,847.76	76,292.40
Power Plant Systems	5,398.48	5,368.93
Other Structures		239.94

Total	\$ 382,223.34	\$ 385,563.12
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RAILWAY COMMUNICATIONS AND SIGNAL SYSTEMS:

Communications (Rail)	\$ 19,112.04	\$ 22,718.78
Signals	126,358.42	118,976.05

Total	\$ 145,470.46	\$ 141,694.83
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MISCELLANEOUS:

Roadway Machines	\$ 44,504.01	\$ 50,745.00
Injuries to Persons	21,489.90	33,938.26
Public Improvements	13.37	389.63
Insurance	283.41	205.63
Stationery	720.35	526.70
Other Expense	33,522.36	36,581.70

Total	\$ 100,533.40	\$ 122,386.92
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DEPRECIATION AND RETIREMENTS:

Road and Property Depreciation	\$ 922,833.68	\$ 910,326.74
Dismantling Retired Road Property	3,426.77	7,709.60

Total	\$ 926,260.45	\$ 918,036.34
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JOINT FACILITIES:

Maintaining Joint Facilities	\$ 46,332.57§	\$ 61,451.20§
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Total Road Maintenance	\$ 3,210,407.74	\$ 3,187,060.54
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(§) Denotes Cr.

	Year Ended December 31, 1964	Year Ended December 31, 1963
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EQUIPMENT MAINTENANCE

SUPERINTENDENCE	\$ 102,533.69	\$ 109,334.76
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MACHINERY:

Shop and Power Plant Machinery	\$ 61,058.33	\$ 68,253.55
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EQUIPMENT:

Diesel Locomotives	\$ 832,218.30	\$ 833,536.54
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Freight Train Cars	639,955.26	730,329.96
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Passenger Train Cars	316,834.98	322,814.99
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Work Equipment	60,717.52	55,390.32
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Other Equipment	1,577.60	1,274.16
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Total	\$ 1,851,303.66	\$ 1,943,345.97
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MISCELLANEOUS:

Injuries to Persons	\$ 27,969.18	\$ 21,726.84
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Insurance	215.21	201.39
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Stationery	3,566.85	3,840.05
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Total	\$ 31,751.24	\$ 25,768.28
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DEPRECIATION AND RETIREMENTS:

Other Equipment and Machinery Depreciation	\$ 35,050.00	\$ 35,341.53
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Dismantling Retired Equipment	1,205.68	36.62
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Rolling Stock Depreciation	733,227.24	736,571.33
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Total	\$ 769,482.92	\$ 771,949.48
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JOINT FACILITIES:

Maintaining Joint Facilities	\$ 13,885.54	\$ 18,181.35
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Total Equipment Maintenance	\$ 2,802,244.30	\$ 2,900,470.69
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TRAFFIC

Superintendence	\$ 115,956.22	\$ 106,333.70
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Agencies	8,659.14	5,459.72
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Advertising	20,676.40	14,170.57
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Associations	4,917.30	4,944.30
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Stationery	11,924.45	9,673.01
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Other Expenses	1,025.56	857.50
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Total Traffic	\$ 163,159.07	\$ 141,438.80
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(\$) Denotes Cr.

TRANSPORTATION

	Year Ended December 31, 1964	Year Ended December 31, 1963
SUPERVISION:		
Superintendence	\$ 168,363.49	\$ 158,565.32
Dispatching	79,894.12	89,328.70
Total	\$ 248,257.61	\$ 247,894.02
STATION SERVICES:		
Station Employees	\$ 1,007,820.10	\$ 909,984.29
Weighing, Inspecting and Demurrage	1,865.87	1,227.09
Station Expense	259,995.82	70,665.05
Total	\$ 1,269,681.79	\$ 981,876.43
YARD SERVICES:		
Yardmasters and Clerks	\$ 198,652.64	\$ 205,127.12
Yard Trainmen	260,250.17	256,641.52
Yard Switchmen	9,523.41	7,849.25
Yard Enginemen	158,233.68	144,335.66
Yard Locomotive Fuel and Power	25,626.03	27,781.57
Yard Locomotive Water	153.35	185.29
Yard Locomotive Other Supplies	899.67	722.81
Yard Enginehouse Expense	8,541.11	9,492.51
Yard Other Expense	6,394.04	7,538.90
Total	\$ 668,274.10	\$ 659,674.63
TRAIN OPERATIONS:		
Train Enginemen	\$ 457,215.38	\$ 486,549.03
Train Locomotive Fuel and Power	530,764.22	534,089.27
Train Locomotive Water	4,915.10	5,888.66
Train Locomotive Other Supplies	33,571.34	34,945.30
Train Enginehouse Expense	269,149.28	272,879.67
Trainmen	597,453.51	605,272.75
Train Other Expense	477,134.19	366,204.64
Total	\$ 2,370,203.02	\$ 2,305,829.32
MISCELLANEOUS:		
Signal Operations	\$ 1,292.46	\$ 1,257.41
Crossing Protection	6,926.39	7,313.78
Stationery	47,592.84	31,790.74
Other Expense	33,280.31	27,845.19
Total	\$ 89,092.00	\$ 68,207.12
CASUALTY COSTS:		
Clearing Wrecks	\$ 10,953.01	\$ 15,100.23
Damage to Property	984.67	1,251.82
Loss and Damage, Freight	105,419.67	83,112.60
Loss and Damage, Baggage	372.15	105.75
Injuries to Persons	33,168.51	35,335.76
Total	\$ 150,898.01	\$ 134,906.16
JOINT FACILITIES:		
Operating Joint Yards and Terminals	\$ 286,266.65	\$ 308,785.84
Total Transportation	\$ 4,510,139.88	\$ 4,089,601.84

(\$) Denotes Cr.

	Year Ended December 31, 1964	Year Ended December 31, 1963
--	---------------------------------	---------------------------------

MISCELLANEOUS OPERATIONS

Dining and Buffet Service	\$ 124,626.68	\$ 115,567.85
News Service and Restaurants	35,855.87	36,781.06
Other Operations	777.43	408.18
Total Miscellaneous Operations	<u>\$ 161,259.98</u>	<u>\$ 152,757.09</u>

COMMUNICATIONS (Commercial)

Telegraph Maintenance	\$ 207,185.81	\$ 166,587.59
Telegraph Conducting Operations	103,426.91	114,366.81
Telegraph General	28,569.24	25,542.76
Telegraph Municipal Taxes	2,316.03	2,419.81
Telephone Maintenance	993,478.10	848,395.16
Telephone Conducting Operations	1,171,706.82	1,101,446.51
Telephone General	205,481.56	180,671.55
Telephone Municipal Taxes	28,823.56	21,778.33
Total Communications (Commercial)	<u>\$ 2,740,988.03</u>	<u>\$ 2,461,208.52</u>

GENERAL

General Officers	\$ 146,678.02	\$ 154,209.15
Clerks and Attendants	331,533.20	313,662.46
Office Expense	21,094.60	16,393.35
Law Expense	14,553.63	15,301.60
Insurance	238.08	33.73
Pensions	450,486.80	447,151.04
Stationery	18,811.94	19,097.69
Other Expense	34,474.16	34,035.27
General Joint Facilities	30,270.00\$	30,295.48\$
Total General	<u>\$ 987,600.43</u>	<u>\$ 969,588.81</u>

OTHER

Highway Transport Operations (Bus)	\$ 185,196.07	\$ 130,757.70
Boat Line Operations	126,126.20	135,197.70
Tourist Camp Operations	81,016.68	81,876.92
Total Other	<u>\$ 392,338.95</u>	<u>\$ 347,832.32</u>
Total Operating Expense	<u>\$14,968,138.38</u>	<u>\$14,249,958.61</u>

(\$) Denotes Cr.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

AUDITOR'S REPORT

Toronto, March 22, 1965.

To the Chairman and Members of the
Ontario Northland Transportation Commission,
North Bay, Ontario.

Dear Sirs:—

In accordance with Section 39 of The Ontario Northland Transportation Commission Act, I have conducted an audit of the books, records and accounts of the Commission for the year ended December 31, 1964 and comment thereon as follows:

Balance Sheet

The cash in banks at December 31, 1964 was reconciled with the balances shown on letters of confirmation received direct from the banks concerned. The securities held for the Contributory Pension Fund and the Fire Insurance Fund at December 31, 1964 were verified by examination and reconciliation with the related records. The Contributory Pension Fund of \$8,315,751.05 is made up of securities shown at cost value of \$8,193,841.42 together with cash on hand of \$121,909.63. The Fire Insurance Fund of \$267,497.64 is made up of securities shown at cost value of \$261,961.87 together with cash on hand of \$5,535.77.

The Nipissing Central Railway is a wholly owned subsidiary of the Ontario Northland Transportation Commission. By agreement, the Commission operates the property of the Nipissing Central Railway as a part of its system.

Star Transfer Limited is a wholly owned subsidiary of the Ontario Northland Transportation Commission. The head office is located at Timmins, Ontario and its operations are conducted by its own executive officers and are entirely separate from those of the Ontario Northland Railway. The operations of Star Transfer Limited for the year ended December 31, 1964 resulted in a net profit of \$136,439.70. This is a decrease of \$44,093.26 from the net profit shown in the previous year. The Company declared a dividend of \$40,500.00 which was received by the Commission during the year ended December 31, 1964.

Material and Supplies of the Commission had a total book value of \$2,105,212.64 at December 31, 1964 which is an increase of \$157,316.50 over the previous year. A physical inventory of Material and Supplies was taken as at August 31, 1964 and I have received certificates from responsible officers of the Commission to the effect:

- (a) That the quantities were determined by actual physical count, weight or measurement or by conservative estimate where actual count, weight or measurement was impracticable, and
- (b) That the basis of Inventory pricing was laid down cost for new material and estimated utility or sales value for usable reclaimed, obsolete and scrap material, after making reasonable pricing allowance for condition thereof.

The General Manager and the Comptroller of the Commission have stated that, to the best of their knowledge and belief, all liabilities of the Commission have been disclosed on the balance sheet at December 31, 1964 with the exception of the following contingent liabilities:

- "(a) Permanent awards under the Workmen's Compensation Act for which no reserve has been set up in the books of the Commission.
- (b) Amounts required to meet Non-Contributory Pension Payroll.

- (c) (i) Guarantee of the Commission given to the Toronto-Dominion Bank at Timmins to cover such loans or overdrafts as may be incurred by Star Transfer Limited from time to time in respect to normal operation of the business, and
- (ii) To cover the performance of obligations of Star Transfer Limited for construction or repayment of monies in respect to obligations for construction up to \$250,000.00."

During the year the Commission issued debentures in the amount of \$7,500,000.00 bearing interest at 5% and maturing on December 15, 1969. These debentures are guaranteed by the Province of Ontario.

The allocation of costs pertaining to the special programme for the extension of communication facilities referred to in previous reports has not been completed at December 31, 1964. The General Manager has advised that some changes and additions are necessary to meet customer requirements but that the budget provided for this project will be closed out in 1965 at an expenditure less than the original estimate of \$7,200,000.00.

As in previous years I again wish to direct attention to the position of the Contributory Pension Fund. The last actuarial examination of the Fund was made at December 31, 1956 at which time the actuary stated that an estimated deficit of \$15,396,994.00 existed. To date no action has been taken by the Commission to fund this deficit. At the present time an actuarial examination of the Fund is being made as at December 31, 1964 which is expected to be completed within several months. It is recommended that steps be taken without delay to provide for the payment of interest at an annual rate calculated to prevent an increase in any unfunded actuarial liability which may be disclosed at the completion of this examination. This would be a minimum requirement and in addition it is urgently recommended that steps be taken to fund the actuarial deficit over as short a period of time as the finances of the Commission will permit.

Retained Income Statement

The Retained Income Statement shows a credit balance at December 31, 1964 of \$25,065,817.50, which is a decrease of \$851,944.86 from the comparable figure at December 31, 1963. The net decrease arises from a net loss on operations during the year of \$861,526.32 together with a charge for uncollectible accounts of \$1,868.28 less the profit on the sale of lots of \$10,729.21 and a credit of \$720.53 on unclaimed vouchers and wages.

Income Statement

The operations of the Commission resulted in a net loss of \$861,526.32 for year ended December 31, 1964. The operations of the commercial communications system of the Commission, as in recent years, continued to be profitable but this profit was more than offset by losses on railroad and other operations. The operations of the commercial communications system produced a net operating revenue for the year of \$1,717,293.35 as compared to \$1,228,191.09 for the year ended December 31, 1963. This increase of \$489,102.26 in net operating revenue is due mainly to additional revenues derived from the extension of communication facilities referred to earlier in this report.

During the year ended December 31, 1964 no interest has been required from the Commission on the loan of \$30,207,934.92 owing to the Province of Ontario.

Statement of Source and Application of Funds

This statement has been prepared for the purpose of showing the major changes in operating capital during the year ended December 31, 1964.

Yours faithfully,

(Signed) G. H. SPENCE, F.C.A.,

Provincial Auditor.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

TRAFFIC AND MILEAGE STATISTICS

January 1 to December 31, 1964

PASSENGER TRAFFIC

Number of passengers carried earning revenue	200,143
Number of passengers carried one mile	26,214,658
Number of passengers carried one mile per mile of road	46,291
Average distance carried (miles)	130.97
Total passenger revenue	625,890.83
Average amount received from each passenger	3.13
Average receipts per passenger per mile (cents)	2.39
Total passenger train service revenue	731,140.98

FREIGHT TRAFFIC

Number of tons carried earning revenue	2,223,388
Number of tons carried earning revenue one mile	484,382,000
Number of tons carried earning revenue one mile per mile of road	855,345
Average distance haul of one ton (miles)	213.35
Total freight revenue	8,740,092.06
Average amount received for each ton	3.93
Average amount received per ton per mile (cents)	1.80
Freight Revenue per mile of road	15,433.53
Freight revenue per train mile	12.87

TOTAL TRAFFIC

Operating revenue	15,280,110.78
Operating revenue per mile of road	26,982.36
Operating revenue per train mile	14.69
Operating expense	15,282,964.35
Operating expenses per mile of road	26,987.40
Operating expenses per train mile	14.70
Net operating revenue	2,383.57‡
Net operating revenue per mile of road	4.21‡

CAR MILEAGE

Average number of passengers carried one mile per car mile	7
Average number of passengers carried one mile per train mile	72.5
Average number of passenger cars per train mile	10
Mileage of passenger cars	3,623,963
Mileage of loaded freight cars	14,205,405
Mileage of empty freight cars	11,538,216
Average number of freight cars per train mile	37.9
Average number of loaded freight cars per train mile	20.9
Average number of empty freight cars per train mile	17.0
Average number of tons of freight per train mile	713.0
Average number of tons of freight per loaded car mile	34.1
Average number of miles operated during year	566.3

TRAIN MILEAGE

Mileage of revenue passenger trains	361,537
Mileage of revenue freight trains	679,322
Total revenue train mileage	1,039,859

EXPRESS-FREIGHT

Total Express-Freight Revenue	626,767.94
-------------------------------------	------------

(‡) Denotes Deficit.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

DETAILS OF RAILWAY EQUIPMENT

LOCOMOTIVES:

	Dec. 31, 1963	Additions	Retirements	Conversions	Dec. 31, 1964
Freight — Steam	0	—	—	—	0
Diesel Yard Switcher	4	—	—	—	4
Diesel Road Switcher	22	—	—	—	22
Road "A" Units	22	—	—	—	22
	<u>48</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>48</u>

PASSENGER EQUIPMENT:

First Class	27	—	—	—	27
Combination	5	—	—	—	5
Restaurant	1	—	—	—	1
Lunch First Class	2	—	—	—	2
Cafe Parlour	1	—	—	—	1
Mail and Express	18	—	1	—	17
Box Baggage	2	—	—	—	2
	<u>56</u>	<u>—</u>	<u>1</u>	<u>—</u>	<u>55</u>

FREIGHT REVENUE EQUIPMENT:

Box	1007	—	9	—	998
Flat	157	—	31	—	126
Hopper	100	—	—	—	100
Stock	21	—	21	—	0
	<u>1285</u>	<u>—</u>	<u>61</u>	<u>—</u>	<u>1224</u>
Cabooses	34	—	5	—	29
Steam Generator Car	1	—	—	—	1

WORK EQUIPMENT:

Business Cars	3	—	—	—	3
All Other Cars in Railway Service	225	—	21	—	204
	<u>228</u>	<u>—</u>	<u>21</u>	<u>—</u>	<u>207</u>

HIGHWAY EQUIPMENT:

Bus	8	2	3	—	7
Trucks	20	1	1	—	20
Trailers	6	1	—	—	7
Station Wagons	4	—	—	—	4
Volkswagen Coach	2	—	—	—	2
	<u>40</u>	<u>4</u>	<u>4</u>	<u>—</u>	<u>40</u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

MILES OF TRACK OPERATED

At Close of Fiscal Year, December 31, 1964

MAIN LINE:

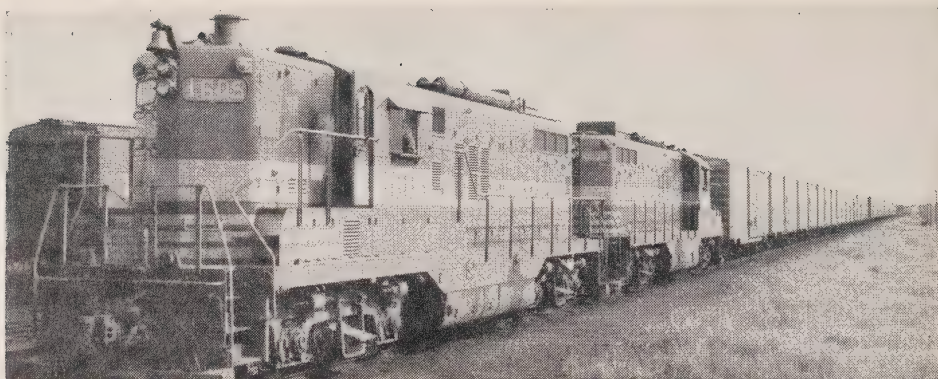
	Miles	
North Bay to Timmins	257.20	
Porquis to Cochrane	28.20	
Cochrane to Moosonee	186.20	471.60
		<hr/>

BRANCH LINES:

Earlton to Elk Lake	28.50	
Welsh to Iroquois Falls	6.20	
Swastika Junction to Noranda	60.00	
Adams Junction to Dead End	4.80	99.50
		<hr/>

OTHER TRACKS:

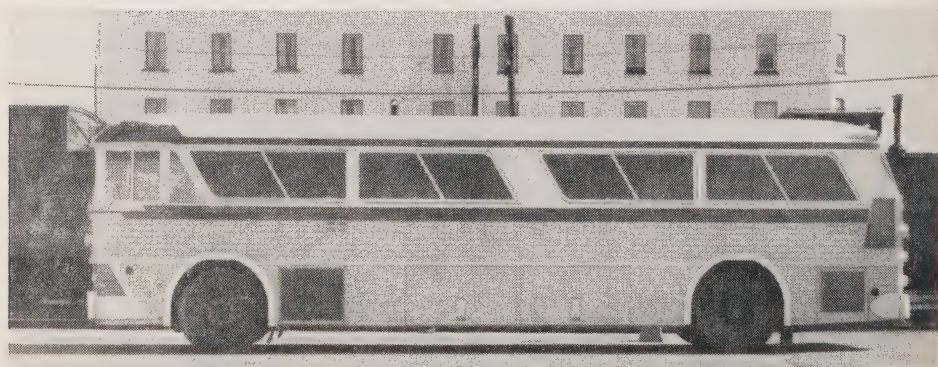
Yard Tracks and Sidings	109.8	
Public Tracks	18.8	
Under Private Siding Agreement	15.0	
Owned Outright by the Industry	4.9	148.5
		<hr/>
		719.6
		<hr/>



Ontario Northland Railway paper train hauls newsprint from the mills of Northern Ontario. This traffic requires careful handling and well-maintained equipment.



To encourage tourist traffic to James Bay, Ontario Northland operated summer excursion trains to Moosonee. Above, a party arrives at Moosonee.



Bus line operation was extended following withdrawal of passenger trains Nos. 46-47. Above, one of the modern buses placed in service during the year.

ANNUAL REPORT

of

STAR TRANSFER LIMITED

For Year Ended

DECEMBER 31, 1964

Head Office

TIMMINS, ONTARIO

BOARD OF DIRECTORS

W. A. JOHNSTON, M.P.P.	President	South River
K. PASSMORE	Vice-President and Managing Director	Timmins
E. A. FRITH	Vice-President	North Bay
R. BRUNELLE, M.P.P.	Director	Moonbeam
W. R. THOMPSON	Director	Swastika
J. A. KENNEDY	Director	North Bay
G. H. STANLEY	Treasurer	Timmins
S. W. GOWAN	Secretary	North Bay

STAR TRANSFER LIMITED

(Incorporated Under the Laws of Ontario As a Private Company)

BALANCE SHEET

as at December 31, 1964

ASSETS**CURRENT:**

Cash on Hand and in Banks	\$	108,909.28		
Accounts Receivable	\$	255,536.23		
Less Allowance for Doubtful Accounts		6,500.00	249,036.23	\$ 357,945.51

MORTGAGES RECEIVABLE 18,606.55

FIXED — At Cost:

Land	\$	94,999.49		
Buildings	\$	571,409.66		
Less: Accumulated Depreciation		120,449.96	450,959.70	
Trucks, Trailers and Automobiles	\$	1,301,238.78		
Less: Accumulated Depreciation		999,695.78	301,543.00	
Equipment, Furniture and Fixtures	\$	78,338.45		
Less: Accumulated Depreciation		45,190.13	33,148.32	880,650.51

**PREPAID EXPENSES, DEFERRED CHARGES AND
SECURITY DEPOSITS**

13,384.16

\$ 1,270,586.73

Approved on behalf of the Board,

E. A. Frith, Director.

K. Passmore, Director.

STAR TRANSFER LIMITED

(Incorporated Under the Laws of Ontario As a Private Company)

BALANCE SHEET

as at December 31, 1964

LIABILITIES**CURRENT:**

Accounts Payable and Accrued Charges	\$	131,044.72	
Receiver General re Employees' Tax Deductions		7,963.65	
Accrued Wages		24,342.26	\$ 163,350.63

CAPITAL AND SURPLUS:

Capital Stock

Preference:

6% Non-cumulative, Redeemable,

Par Value \$100.00 Each.

Authorized, 443 Shares.

Issued and Fully Paid 395 Shares \$ 39,500.00

Common:

Par Value \$100.00 Each.

Authorized, 200 Shares.

Issued and Fully Paid 145 Shares 14,500.00

\$ 54,000.00

Contributed Surplus 4,200.00

Earned Surplus 1,049,036.10 1,107,236.10

\$ 1,270,586.73

STAR TRANSFER LIMITED

AUDITOR'S REPORT

To the Shareholders:—

I have examined the balance sheet of Star Transfer Limited as at December 31, 1964 and the statements of profit and loss and surplus for the year ended on that date. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as were considered necessary in the circumstances.

In my opinion the accompanying balance sheet and related statements of profit and loss and surplus present fairly the financial position of the Company as at December 31, 1964 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

(Signed) G. H. SPENCE, F.C.A.,
Provincial Auditor.

Toronto, Ontario,
March 22, 1965.

STAR TRANSFER LIMITED

STATEMENT OF EARNED SURPLUS

For the Year Ended December 31, 1964

Balance — December 31, 1963		\$ 961,184.64
Add:		
Net Profit For the Year Ended December 31, 1964	\$ 136,439.70	
Bad Debts Recovered	38.07	
Profit on Disposal of Fixed Assets	6,873.69	143,351.46
		<u>\$ 1,104,536.10</u>
Deduct:		
Dividends Paid — \$75.00 Per Share on Preferred and Common Stock	\$ 40,500.00	
Goodwill Written Off	15,000.00	55,500.00
Balance — December 31, 1964		<u><u>\$ 1,049,036.10</u></u>

STATEMENT OF CONTRIBUTED SURPLUS

For the Year Ended December 31, 1964

Balance — December 31, 1964	\$ 4,200.00
(No Change During 1964)	

STAR TRANSFER LIMITED

STATEMENT OF PROFIT AND LOSS

For the Year Ended December 31, 1964

REVENUE:

Transport Trucking	\$ 2,360,883.33	
Less: Interline Charges	197,873.25	\$ 2,163,010.08
Commissions Earned		4,545.63
Cold Storage		445.11
Heating and Icing		5,240.01
Rentals		5,888.32
Miscellaneous		4,965.96
		<u>\$ 2,184,095.11</u>

EXPENSES:

Damages	\$ 17,884.04	
Provision for Depreciation —		
Buildings	\$ 23,862.17	
Equipment	8,287.08	
Trucks, Trailers and Automobiles	129,232.06	161,381.31
Employees' Pension Fund	7,251.18	
Gasoline and Oil	337,098.14	
Garage Supplies	5,598.34	
Garage Salaries and Wages	88,402.24	
Heating and Icing	4,021.43	
Loading and Stowing	7,281.13	
Trip Expense	6,172.62	
Insurance	51,041.72	
Licences	63,050.50	
Light, Heat, Power and Water	15,297.35	
Maintenance —		
Buildings	\$ 7,401.50	
Equipment	2,787.26	
Yard	1,659.31	11,848.07
Miscellaneous	1,697.25	
Municipal Taxes	19,974.42	
Radio Telephone	5,634.47	
Rent	3,732.00	
Repairs to Trucks and Trailers	175,510.09	
Tires and Tubes	80,025.37	
Unemployment Insurance	7,767.05	
Vacation Pay	23,803.11	
Wages	630,336.92	
Welfare Payments	18,234.00	
Workmen's Compensation	23,164.74	
Security Guards and Watchmen's Wages	14,559.72	
Administrative Expenses, per Statement Attached	266,888.20	2,047,655.41
Net Profit for the Year		<u>\$ 136,439.70</u>

STAR TRANSFER LIMITED

STATEMENT OF ADMINISTRATIVE EXPENSES

For the Year Ended December 31, 1964

Advertising	\$ 7,745.15
Association Dues	3,051.38
Provision for Doubtful Accounts	4,740.02
Bank Charges and Interest	3,468.44
Legal, Actuarial and Audit Fees	19,214.87
Mortgage Interest	47.64
Office and General	11,164.10
Salaries	176,068.19
Postage	2,091.35
Salesmen's Expenses	3,606.29
Telephone, Telegraph and Teletype	20,625.67
Travelling	2,603.66
Donations	2,235.00
Group Insurance	7,497.47
Employees' Pension Fund	2,728.97
	<u>\$ 266,888.20</u>

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(SIXTY-FIFTH) ANNUAL REPORT
(OF THE)

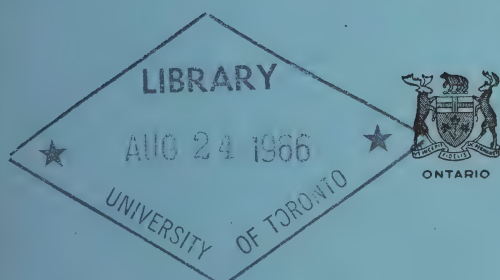
**Ontario, Northland Transportation
Commission**

(PROVINCE OF ONTARIO)

(HONOURABLE JOHN P. ROBARTS, Q.C.)
Prime Minister

(For the Year Ended December 31, 1965)

(PRINTED by ORDER of
THE LEGISLATIVE ASSEMBLY OF ONTARIO)



TORONTO

Printed and Published by Frank Fogg, Printer to the Queen's
Most Excellent Majesty, 1966



SIXTY-FIFTH ANNUAL REPORT
OF THE
**Ontario Northland Transportation
Commission**

ONTARIO GOVERNMENT RAILWAY

HONOURABLE JOHN P. ROBARTS, Q.C.
Prime Minister

For the Year Ended December 31, 1965

PRINTED by ORDER of
THE LEGISLATIVE ASSEMBLY OF ONTARIO
Sessional Paper No. 46, 1966



TORONTO

Printed and Published by Frank Fogg, Printer to the Queen's
Most Excellent Majesty, 1966

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

W. A. JOHNSTON, M.P.P.	Chairman	South River
R. BRUNELLE, M.P.P.	Commissioner	Moonbeam
W. R. THOMPSON	Commissioner	Swastika
J. A. KENNEDY	Commissioner	North Bay
S. W. GOWAN	Secretary	North Bay

PRINCIPAL OFFICERS

J. L. CANN	Managing Director	North Bay
E. A. FRITH	General Manager	North Bay
J. W. MILLAR	Manager of Rail Services	North Bay
T. D. SAUNDERS	Director of Planning and Research	North Bay
S. W. GOWAN	Director of Finance and Administration	North Bay
J. S. COOPER	Chief Engineer	North Bay
R. A. WILLOUGHBY	Superintendent of Train Operations	Englehart
C. C. OLLIVIER	Superintendent Express-Freight	North Bay
W. A. ETCHES	Chief Mechanical Officer	North Bay
R. J. SAYER	Manager Sales and Development	North Bay
H. H. PHILLIPS	Traffic Manager	North Bay
L. K. SMILEY	Manager of Communications	North Bay
D. E. MacDOUGALL	Comptroller	North Bay
T. W. PRESCOTT	Auditor of Disbursements	North Bay
G. W. WILLOUGHBY	Auditor of Revenues	North Bay
W. H. HURST	Purchasing Agent	North Bay
J. BRISBANE	Treasurer	North Bay
C. DOUGHTY	Supervisor Car Service	North Bay

ONTARIO NORTHLAND RAILWAY

North Bay, Ontario,

April 6, 1966.

Mr. W. A. Johnston, M.P.P.,
Chairman.

Dear Sir:—

I respectfully submit the following report of operations for fiscal year ending December 31, 1965.

Earnings and Expenses:

Rail, Communications and Miscellaneous Operations:

	1965	1964	Increase or Decrease
Total Revenue	\$17,141,939.00	\$15,280,110.00	\$ 1,861,829.00*
Total Expense	18,336,296.00	16,141,636.00	2,194,660.00*
Net Earnings†	\$ 1,194,357.00‡	\$ 861,526.00‡	\$ 332,831.00†

Star Transfer Limited:

Total Revenue	\$ 2,620,964.00	\$ 2,184,095.00	\$ 436,869.00*
Total Expense	2,341,860.00	2,047,655.00	294,205.00*
Net Earnings	\$ 279,104.00	\$ 136,440.00	\$ 142,664.00*
Net Position			
All Operations ..	\$ 915,253.00‡	\$ 725,086.00‡	\$ 190,167.00†

(†) Net earnings of the rail, communications and miscellaneous operations include the amount of \$154,620.00 received as dividends from Star Transfer Limited. This amount is also reflected in results of Star Transfer Limited.

(*) Denotes Increase.

(‡) Denotes Decrease.

(§) Denotes Deficit.

Revenues in rail service, communications and miscellaneous operations all increased in 1965. Freight revenues, including express-freight, showed a substantial increase over the previous year due chiefly to shipment of iron ore pellets from the Adam's Mine, which commenced early in 1965. Express-freight traffic was over 1964 by approximately \$175,000.00. Passenger services reversed a downward trend and improved by about \$110,000.00 over the previous year.

Commercial Communication revenues continue to grow as predicted and in 1965 increased by over \$350,000.00. This is accounted for by additional services as well as general growth in volume of business handled.

Star Transfer Limited enjoyed their best operating year since taken over by the Commission and this can largely be accounted for by the fact that business conditions generally in the area served by Star have improved.

Unfortunately, while revenues generally have increased, expenses have grown by a greater amount, resulting in an increased deficit over 1964. This in large part is due to the fact that in 1965 it became necessary to make an

additional contribution to the Contributory Pension Fund of \$777,724.00, which represented interest at 4% on the unfunded liability in the fund. This is a legal requirement under The Pension Benefits Act. Without this payment our net position would have been substantially improved over 1964. An annual payment of the same amount will be required and will delay the date when we can hope to emerge from our deficit position.

Financial:

Total debt of the Commission as at December 31, 1965 stood at \$17,658,000.00. Of this \$17,458,000.00 was funded and \$200,000.00 on a temporary basis. During the year maturing debentures amounting to \$761,000.00 were retired and all interest payments were met in full.

Fire Insurance Reserve Fund:

This fund increased during the year by \$7,077.00 and at December 31, 1965 amounted to \$274,574.00. No contributions are going into the fund as the earnings are presently sufficient to meet average fire losses.

Express-Freight Service:

As a result of the experience gained in 1964, some changes in service and methods were made in 1965. Continual effort is being put forth to make this service attractive to the shipping public and it is gratifying to see a gradual increase in volume of traffic. During the year L.C.L. traffic showed an increase of about five percent at all terminals. Increase in express business varied from two to ten percent.

Commercial Communications:

The volume of business in this department continues to grow with resulting higher net revenues. Long distance conversations increased substantially during the year. A growing number of customers are using Telex and T.W.X. for the transmission of data and other information. Telex and T.W.X. are dial operated teletypewriter switching systems working at speeds up to one hundred words per minute. Special individual communications services were provided to several commercial organizations.

Additional facilities were provided during the year as required to take care of this growth business. Included were, additional long distance lines and long distance switchboards, extensions to the dial exchanges at Moose Factory and Moosonee and additions to the teletypewriter facilities.

Extension of the microwave system from Kirkland to Noranda is being planned for 1966 and from Cochrane to Timmins for 1967. This will provide high grade facilities to these communities to improve service and to meet the requirements for new business in the future. Studies are now underway regarding the feasibility of providing Direct Distance Dialing for long distance calling.

Employer-Employee Relationship:

Contracts with the Non-Operating employees expired December 31, 1965 and notices have been received from these various groups requesting substantial wage increases and other benefits. At year end these requests were under negotiation on a national basis.

The Commission and Management wish to express appreciation for the co-operation received from officers and employees.

Pension Fund:

The number of persons on railway pension payrolls continues to increase as do the total pensions payable. Number of pensioners at December 31, 1965 was as follows:

	Employees	Dependents	Total	Pensions Paid December, 1965
Contributory Plan	433	276	709	\$89,908.33
Non-Contributory Plan	10	0	10	719.62

Employees of the Commission will be brought under the Canada Pension Plan on an integrated basis effective January 1, 1966, and a form of integration has been adopted under which the total contributions of the employees and of the Commission will remain at 6% each, 1.8% of which will apply to Canada Pension up to the maximum specified. This will have the immediate effect of reducing contributions to the O.N.R. fund by the amount paid into the Canada Pension Plan.

Prospective:

Shipments of iron ore from Adam's Mine commenced early in 1965 as was indicated in 1964 Annual Report. Continuance of this traffic is anticipated with perhaps some increase in tonnage over last year.

With plans going ahead for line extensions into Sherman Mine near Temagami and Texas Gulf Sulphur Company property in the Timmins area and with traffic anticipated to start moving from these properties possibly within a year, the prospect for increased net revenues appears bright over the next few years.

Freight traffic generally, as well as passenger traffic moving by both rail and highway, is showing an upward trend. Commercial Communications are maintaining the steady growth predicted and it is hoped the improvement in the various operations will overcome our present deficit position.

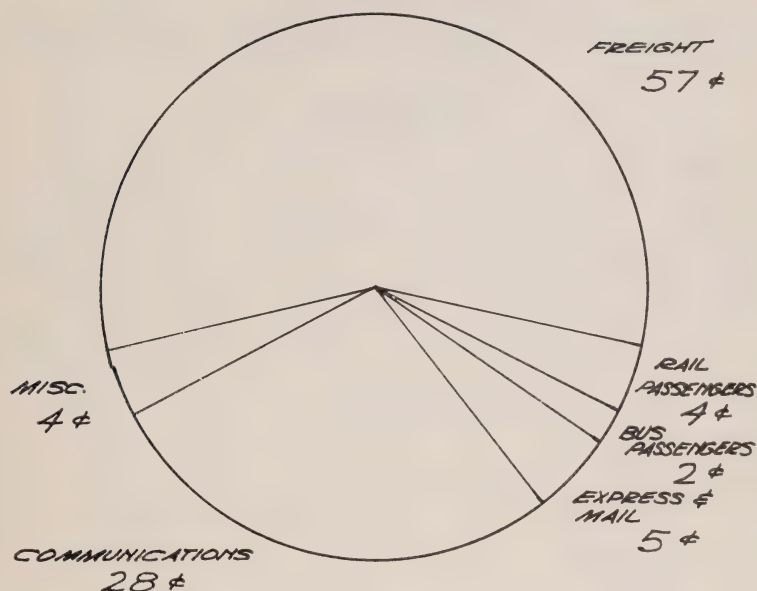
Yours very truly

E. A. FRITH,

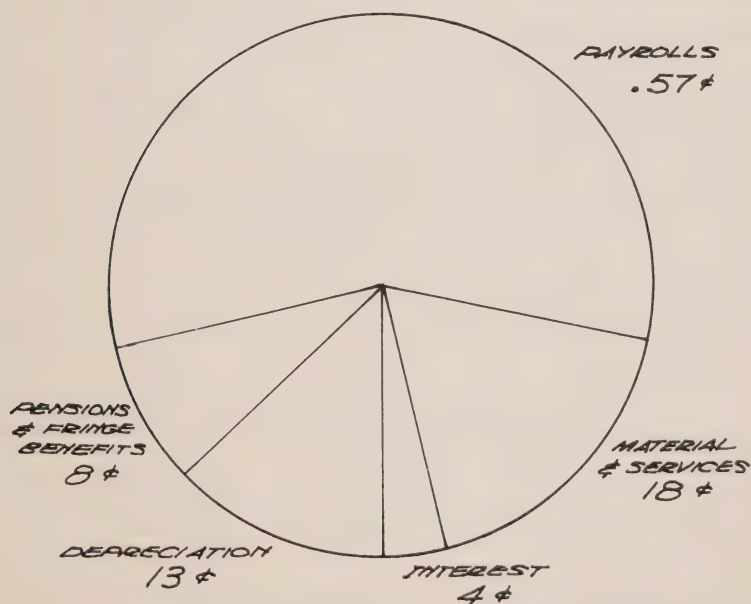
General Manager.

The Railway's Dollar - 1965

Where It Came From —



Where It Went —



ONTARIO NORTHLAND TRANSPORTATION COMMISSION

BALANCE SHEET

As at December 31, 1965 with Comparative Figures for 1964

ASSETS

	1965	1964
CURRENT ASSETS:		
Cash	\$ 111,979.86	\$ 171,161.71
Agents' Balances	1,519,978.85	1,249,209.26
Accounts Receivable	644,870.76	512,329.13
Material and Supplies	2,126,100.06	2,105,212.64
	<u>4,402,929.53</u>	<u>4,037,912.74</u>
DEFERRED CHARGES AND OTHER ASSETS:		
Fire Insurance Fund	274,574.82	267,497.64
Discount and Expenses re Debenture Loans	85,895.47	103,409.53
Deposits	15,397.05	9,450.00
Miscellaneous	15,023.01	56,486.87
	<u>390,890.35</u>	<u>436,844.04</u>
INVESTMENT IN WHOLLY OWNED SUBSIDIARY:		
Star Transfer Limited	691,800.21	691,800.21
INVESTMENT IN PROPERTY:		
Road —		
Main Line and Branches	66,447,650.11	65,067,639.58
Improvements — Leased Line	4,282,511.08	3,760,174.73
Wholly Owned Subsidiary — Nipissing Central Railway	4,268,987.29	4,268,987.29
Equipment —		
Rail and Highway	21,837,782.07	22,785,442.58
Boat	390,790.36	390,790.36
Miscellaneous	418,806.86	431,676.43
	<u>97,646,527.77</u>	<u>96,704,710.97</u>
Less: Accumulated Depreciation	26,498,421.96	25,439,911.80
	<u>71,148,105.81</u>	<u>71,264,799.17</u>
CONTRIBUTORY PENSION FUND HELD IN TRUST	9,367,505.93	8,315,751.05
	<u>\$86,001,231.83</u>	<u>\$84,747,107.21</u>

D. E. MacDougall, Comptroller

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

BALANCE SHEET

As at December 31, 1965 with Comparative Figures for 1964

LIABILITIES

CURRENT LIABILITIES:

	1965	1964
Demand Loan — Guaranteed by Province of Ontario ..	\$ 200,000.00	\$ 400,000.00
Accounts Payable	1,359,496.57	1,499,205.31
Traffic Balances	982,341.64	435,972.33
Debentures — 1966 Instalments and Prior Maturities	811,000.00	763,000.00
Interest re Contributory Pension Fund	777,724.00	—
Debenture Interest Accrued	118,614.18	132,580.83
Job Security Fund	—	59,429.26
Deposits	8,842.00	50.00
	<u>4,258,018.39</u>	<u>3,290,237.73</u>

DEFERRED CREDITS AND RESERVES:

Deferred Rental Revenue	496,224.62	132,341.48
Fire Insurance Reserve	274,574.82	267,497.64
Fidelity Insurance Reserve	3,610.43	3,610.43
Miscellaneous	6,600.00	5,916.46
	<u>781,009.87</u>	<u>409,366.01</u>

LONG TERM LIABILITIES:

Debentures — Guaranteed by Province of Ontario:		
4% — 1966-1968	958,000.00	1,221,000.00
5¾% — 1966-1972	3,500,000.00	4,000,000.00
4¼% — 1968	5,500,000.00	5,500,000.00
5% — 1969	7,500,000.00	7,500,000.00
	<u>17,458,000.00</u>	<u>18,221,000.00</u>
Less: Instalments due in 1966, included in Current Liabilities	809,000.00	763,000.00
	<u>16,649,000.00</u>	<u>17,458,000.00</u>
Loan from Province of Ontario Non-Interest Bearing ..	30,207,934.92	30,207,934.92
	<u>46,856,934.92</u>	<u>47,665,934.92</u>

CONTRIBUTORY PENSION FUND HELD IN TRUST (Contra)

9,367,505.93	8,315,751.05
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RETAINED INCOME	24,737,762.72	25,065,817.50
	<u>\$86,001,231.83</u>	<u>\$84,747,107.21</u>

The comments in the report attached are an integral part of this balance sheet.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

I have examined the balance sheet of the Ontario Northland Transportation Commission as at December 31, 1965 and the related income statement and retained income statement for the year ended on that date. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

Subject to my report of this date attached, in my opinion the accompanying balance sheet and the related income statement and retained income statement present fairly the financial position of the Commission as at December 31, 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

G. H. SPENCE, F.C.A.,
Provincial Auditor.

Toronto, Ontario,
March 31, 1966.

RETAINED INCOME STATEMENT

For the Year Ended December 31, 1965

Balance, December 31, 1964			\$25,065,817.50
ADD—			
Unclaimed Vouchers and Wages	\$	607.87	
Profit on the Sale of Property		26,865.84	
Received from Province of Ontario to compensate for 1963 net loss		858,128.02	885,601.73
			<u>25,951,419.23</u>
DEDUCT—			
Uncollectible Accounts		19,298.77	
Net Loss for year ended December 31, 1965		1,194,357.74	1,213,656.51
Balance, December 31, 1965			<u><u>\$24,737,762.72</u></u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

INCOME STATEMENT

For the Year Ended December 31, 1965
With Comparative Figures for 1964

	Year Ended December 31, 1965	Year Ended December 31, 1964
RAILWAY OPERATING REVENUE (For Details See Schedule "A" Attached)		
Freight Services	\$ 9,942,174.60	\$ 8,795,786.02
Passenger Services	895,696.21	785,816.80
Express	804,452.55	626,767.94
Communications (Commercial)	4,814,022.14	4,458,281.38
All Other	685,594.34	613,458.64
Net Operating Revenue	17,141,939.84	15,280,110.78
RAILWAY OPERATING EXPENSE (For Details See Schedule "B" Attached)		
Road Maintenance	3,334,518.80	3,210,407.74
Equipment Maintenance	3,606,754.72	2,802,244.30
Traffic	176,183.13	163,159.07
Transportation	4,870,151.04	4,510,139.88
Miscellaneous Operations	176,471.83	161,259.98
Communications (Commercial)	3,051,551.72	2,740,988.03
General	1,096,407.90	987,600.43
Other — Bus, Boat Lines, Tourist Camp	424,224.61	392,338.95
Total Operating Expense	16,736,263.75	14,968,138.38
Net Revenue from Railway Operations	405,676.09	311,972.40
TAXES AND RENTS		
Railway Tax Accruals	130,697.67	108,952.75
Equipment Rents	15,199.49	238,331.13
Joint Facility Rents	32,479.53§	32,457.91§
	113,417.63	314,825.97
Net Railway Operating Surplus (Deficit)	292,258.46	(2,853.57)
OTHER INCOME		
Miscellaneous		1,074.00
Dividends — Star Transfer Ltd.	154,620.00	40,500.00
Other Rents		458.32
Other Income Charges	45,735.94	42,503.98
Total Other Income	200,355.94	83,619.66
Surplus Before Fixed Charges	492,614.40	80,766.09
FIXED CHARGES		
Interest on Funded Debt	868,363.35	548,331.68
Interest on Unfunded Debt	23,370.73	387,368.16
Discount and Expenses re Debenture Loans	17,514.06	6,592.57
Interest re Contributory Pension Fund	777,724.00	
	1,686,972.14	942,292.41
Net Loss Carried to Retained Income	\$ 1,194,357.74	\$ 861,526.32

(§) Denotes Cr.

(||) Denotes Dr.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

SOURCE AND APPLICATION OF FUNDS

For the Year Ended December 31, 1965

SOURCE OF FUNDS:

Charges to Operations Not Requiring An Outlay of Funds:

Provision for Depreciation	\$ 2,373,706.99	
Loss on Locomotives destroyed in wrecks	450,664.28	
	<u>2,824,371.27</u>	
Amortization—		
Discount on Debentures	17,514.06	
Other	1,999.92	\$ 2,843,885.25

Received from Province of Ontario re 1963 net loss	858,128.02
Deferred Rental Revenue	363,883.14
Profit on the Sale of Property	26,865.84
Miscellaneous Items (net)	15,509.53
Decrease in Working Capital	602,763.87
	<u>4,711,035.65</u>

APPLICATION OF FUNDS:

Net Loss for the year		1,194,357.74
Additions to Fixed Assets	2,983,435.99	
Less: Recovery on Retirements	275,758.08	2,707,677.91
Reduction in Long Term Liabilities		809,000.00
		<u>\$ 4,711,035.65</u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Schedule "A"

DETAILS OF OPERATING REVENUE

For the Year Ended December 31, 1965

With Comparative Figures for 1964

	Year Ended December 31, 1965	Year Ended December 31, 1964
FREIGHT SERVICES		
Freight	\$ 9,892,222.62	\$ 8,740,092.06
Switching	12,785.71	17,444.30
Demurrage	36,728.00	37,851.00
Storage	438.27	398.66
Total	9,942,174.60	8,795,786.02

PASSENGER SERVICES		
Passenger	723,261.58	625,890.83
Dining and Buffet Cars	130,397.98	114,355.51
Station, Train and Boat Privileges	5,188.30	4,351.70
News Service and Restaurants	34,408.74	38,288.34
Baggage, Transportation and Storage	2,439.61	2,930.42
Total	895,696.21	785,816.80

EXPRESS		
Express	804,452.55	626,767.94

COMMUNICATIONS (Commercial)		
Telegraph	322,687.34	304,845.75
Telephone	4,491,334.80	4,153,435.63
Total	4,814,022.14	4,458,281.38

ALL OTHER		
Mail	60,739.84	95,635.52
Highway Transport — Bus	259,957.60	185,376.86
Boat Lines	93,926.83	96,884.13
Tourist Camps	114,383.25	99,603.12
Milk	5,914.97	6,767.49
Rent, Buildings and Other Property	73,738.90	62,029.20
Miscellaneous	82,388.08	73,786.99
Joint Facilities	5,455.13	6,624.67
Total	685,594.34	613,458.64
Total Operating Revenue	\$17,141,939.84	\$15,280,110.78

(||) Denotes Dr.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

Schedule "B"

DETAILS OF OPERATING EXPENSE

For the Year Ended December 31, 1965

With Comparative Figures for 1964

ROAD MAINTENANCE

	Year Ended December 31, 1965	Year Ended December 31, 1964
SUPERINTENDENCE	\$ 110,078.27	\$ 94,430.11
TRACK AND ROADWAY:		
Track and Roadway Maintenance	1,345,341.73	1,197,289.79
Ties	12,616.44	696.01
Rails	43,049.62	64,890.64
Other Track Material	31,775.25	47,390.82
Ballast	1,167.77	833.58§
Fences, Snowsheds and Signs	14,015.09	11,994.52
Small Tools and Supplies	53,114.67	41,572.41
Removing Snow, Ice and Sand	214,775.15	244,821.94
Total	1,715,855.72	1,607,822.55
BRIDGES AND STRUCTURES:		
Tunnels, Bridges and Culverts	63,375.44	110,247.67
Station and Office Buildings	144,902.36	152,330.93
Roadway Buildings	37,788.36	38,340.98
Water and Fuel Stations	15,455.15	7,057.52
Shops and Enginouses	73,810.24	68,847.76
Power Plant Systems	3,087.59	5,398.48
Other Structures	37.58	—
Total	338,456.72	382,223.34
RAILWAY COMMUNICATIONS AND SIGNAL SYSTEMS:		
Communications (Rail)	28,355.33	19,112.04
Signals	133,955.71	126,358.42
Total	162,311.04	145,470.46
MISCELLANEOUS:		
Roadway Machines	54,061.95	44,504.01
Injuries to Persons	37,146.40	21,489.90
Public Improvements	514.79	13.37
Insurance	375.16	283.41
Stationery	1,091.27	720.35
Other Expenses	32,720.30	33,522.36
Total	125,909.87	100,533.40
DEPRECIATION AND RETIREMENTS:		
Road and Property Depreciation	932,712.00	922,833.68
Dismantling Retired Road Property	2,577.13	3,426.77
Total	935,289.13	926,260.45
JOINT FACILITIES:		
Maintaining Joint Facilities	53,381.95§	46,332.57§
Total Road Maintenance	\$ 3,334,518.80	\$ 3,210,407.74

(§) Denotes Cr.

	Year Ended December 31, 1965	Year Ended December 31, 1964
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EQUIPMENT MAINTENANCE

SUPERINTENDENCE	\$ 108,872.46	\$ 102,533.69
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MACHINERY:

Shop and Power House Machinery	58,890.70	61,058.33
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EQUIPMENT:

Diesel Locomotives	1,354,095.16	832,218.30
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Freight Train Cars	860,501.64	639,955.26
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Passenger Train Cars	363,698.97	316,834.98
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Work Equipment	63,113.99	60,717.52
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Other Equipment	2,455.66	1,577.60
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Total	2,643,865.42	1,851,303.66
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MISCELLANEOUS:

Injuries to Persons	25,809.88	27,969.18
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Insurance	229.54	215.21
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Stationery	3,957.70	3,566.85
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Total	29,997.12	31,751.24
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DEPRECIATION AND RETIREMENTS:

Other Equipment and Machinery Depreciation	33,516.31	35,050.00
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Dismantling Retired Equipment	3,244.04	1,205.68
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Rolling Stock Depreciation	731,415.31	733,227.24
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Total	768,175.66	769,482.92
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JOINT FACILITIES:

Maintaining Joint Facilities	3,046.64\$	13,885.54\$
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Total Equipment Maintenance	3,606,754.72	2,802,244.30
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TRAFFIC

Superintendence	108,267.88	115,956.22
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Agencies	27,247.30	8,659.14
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Advertising	21,458.73	20,676.40
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Associations	5,917.43	4,917.30
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Stationery	12,152.35	11,924.45
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Other Expenses	1,139.44	1,025.56
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Total Traffic	\$ 176,183.13	\$ 163,159.07
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TRANSPORTATION

	Year Ended December 31, 1965	Year Ended December 31, 1964
SUPERVISION:		
Superintendence	\$ 187,698.44	\$ 168,363.49
Despatching	80,494.70	79,894.12
Total	268,193.14	248,257.61
STATION SERVICES:		
Station Employees	1,070,246.16	1,007,820.10
Weighing, Inspecting and Demurrage	2,180.52	1,865.87
Station Expense	337,805.51	259,995.82
Total	1,410,232.19	1,269,681.79
YARD SERVICES:		
Yardmasters and Clerks	204,921.29	198,652.64
Yard Trainmen	273,742.14	260,250.17
Yard Switchmen	7,392.17	9,523.41
Yard Enginemen	141,420.33	158,233.68
Yard Locomotive Fuel and Power	26,926.60	25,626.03
Yard Locomotive Water	126.62	153.35
Yard Locomotive Other Supplies	1,193.77	899.67
Yard Enginehouse Expenses	11,643.95	8,541.11
Yard Other Expenses	9,955.42	6,394.04
Total	677,322.29	668,274.10
TRAIN OPERATIONS:		
Train Enginemen	474,588.89	457,215.38
Train Locomotive Fuel and Power	572,444.33	530,764.22
Train Locomotive Water	3,819.36	4,915.10
Train Locomotive Other Supplies	35,247.53	33,571.34
Train Enginehouse Expenses	275,970.06	269,149.28
Trainmen	630,546.15	597,453.51
Train Other Expenses	463,999.69	477,134.19
Total	2,456,616.01	2,370,203.02
MISCELLANEOUS:		
Signal Operation	1,084.22	1,292.46
Crossing Protection	7,215.28	6,926.39
Stationery	42,365.00	47,592.84
Other Expenses	34,292.48	33,280.31
Total	84,956.98	89,092.00
CASUALTY COSTS:		
Clearing Wrecks	48,586.81	10,953.01
Damage to Property	365.92	984.67
Loss and Damage—Freight	119,233.78	105,419.67
Loss and Damage—Baggage	278.26	372.15
Injuries to Persons	56,894.24	33,168.51
Total	225,359.01	150,898.01
JOINT FACILITIES:		
Operating Joint Yards and Terminals	252,528.58\$	286,266.65\$
Total Transportation	\$ 4,870,151.04	\$ 4,510,139.88

(§) Denotes Cr.

Year Ended December 31, 1965	Year Ended December 31, 1964
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MISCELLANEOUS OPERATIONS

Dining and Buffet Service	\$ 143,965.29	\$ 124,626.68
News Service and Restaurant	31,718.55	35,855.87
Other Operations	787.99	777.43
Total Miscellaneous Operations	<u>176,471.83</u>	<u>161,259.98</u>

COMMUNICATIONS (Commercial)

Telegraph Maintenance	208,713.76	207,185.81
Telegraph Conducting Operations	105,582.83	103,426.91
Telegraph General	29,366.19	28,569.24
Telegraph Municipal Taxes	2,646.59	2,316.03
Telephone Maintenance	1,113,790.21	993,478.10
Telephone Conducting Operations	1,352,514.57	1,171,706.82
Telephone General	205,868.59	205,481.56
Telephone Municipal Taxes	33,068.98	28,823.56
Total Communications	<u>3,051,551.72</u>	<u>2,740,988.03</u>

GENERAL

General Officers	168,871.16	146,678.02
Clerks and Attendants	370,050.91	331,533.20
Office Expenses	22,217.43	21,094.60
Law Expenses	17,450.47	14,553.63
Insurance	137.04	238.08
Pensions	471,493.18	450,486.80
Stationery	23,090.33	18,811.94
Other Expenses	49,031.42	34,474.16
Joint Facility General	25,934.04\$	30,270.00\$
Total General	<u>1,096,407.90</u>	<u>987,600.43</u>

OTHER

Highway Transport Operations — Bus	204,979.27	185,196.07
Boat Line Operations	134,399.34	126,126.20
Tourist Camp Operations	84,846.00	81,016.68
Total Other	<u>424,224.61</u>	<u>392,338.95</u>
Total Operating Expense	<u>\$16,736,263.75</u>	<u>\$14,968,138.38</u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION**AUDITOR'S REPORT**

Toronto, March 31, 1966.

To the Chairman and Members of the
Ontario Northland Transportation Commission,
North Bay, Ontario.

Dear Sirs:—

In accordance with Section 39 of The Ontario Northland Transportation Commission Act, I have conducted an audit of the books, records and accounts of the Commission for the year ended December 31, 1965 and comment thereon as follows:

Balance Sheet

The cash in banks of \$110,124.86 at December 31, 1965 was reconciled with the balances shown on letters of confirmation received direct from the banks concerned and petty cash funds totalling \$1,855.00 were verified. The securities held for the Contributory Pension Fund and the Fire Insurance Fund at December 31, 1965, were verified by actual count and reconciled with the related records. The Contributory Pension Fund of \$9,367,505.93 consists of securities at a cost value of \$8,480,934.67, an amount due from the Commission of \$777,724.00 and cash in bank of \$108,847.26. The Fire Insurance Fund of \$274,574.82, consists of securities at cost value of \$261,961.87 and cash in bank of \$12,612.95.

The Nipissing Central Railway is a wholly owned subsidiary of the Ontario Northland Transportation Commission. Under an agreement, the Commission operates the Nipissing Central Railway as part of its system. This property has been grouped with other Road items at a net figure representing cost less a retirement reserve of \$674,369.71.

Star Transfer Limited is a wholly owned subsidiary of the Ontario Northland Transportation Commission with its head office located at Timmins, Ontario. Star Transfer Limited has its own executive officers and its operations are conducted entirely separate from those of the Ontario Northland Railway. The operations of Star Transfer Limited for the year ended December 31, 1965 resulted in a net profit of \$279,104.25. This is an increase of \$142,664.55 over the previous year. The Company declared dividends of \$154,620.00 which were received by the Commission during the year ended December 31, 1965.

Material and Supplies of the Commission had a book value of \$2,126,100.06 at December 31, 1965 which is an increase of \$20,887.42 over the year 1964. A physical inventory of Material and Supplies was taken as at August 31, 1965. The physical inventory of shop stock at that date amounted to \$1,116,468.78 which was \$29,538.77 less than the control records. At the date of this report the officers of the Railway are of the opinion that this difference was due to clerical errors or failure to make proper charges and the General Manager has assigned the internal auditor of the Commission to make an exhaustive examination of the stores records in order to account for the difference.

I have received certificates from responsible officers of the Commission to the effect:

- (a) That the quantities were determined by actual physical count, weight or measurement or by conservative estimate where actual count, weight or measurement was impracticable, and
- (b) That the basis of inventory pricing was laid down cost for new material and estimated utility or sales value for usable reclaimed, obsolete and scrap material, after making reasonable pricing allowance for condition thereof.

The General Manager and the Comptroller of the Commission have certified in writing that, to the best of their knowledge and belief, all liabilities of the Commission have been disclosed on the balance sheet at December 31, 1965 with the exception of the following contingent liabilities:

- “(a) Permanent awards under the Workmen’s Compensation Act for which no reserve has been set up in the books of the Commission.
- (b) Amounts required to meet Non-Contributory Pension Payroll.
- (c) (i) Guarantee of the Commission given to the Toronto Dominion Bank at Timmins to cover such loans or overdrafts as may be incurred by Star Transfer Limited from time to time in respect to normal operations of the business, and
- (ii) To cover the performance of obligations of Star Transfer Limited for construction or the repayment of monies in respect to obligations for construction up to \$250,000.00.”

The special programme for the extension of communication facilities entered into by the Commission in 1961 has been completed as at December 31, 1965. The total capital expenditures on this programme amounted to \$6,240,142.00 which is \$959,858.00 less than the original estimate of \$7,200,000.00.

Accounts Receivable and Accounts Payable at December 31, 1965 were not confirmed by direct correspondence with the debtors or creditors concerned.

An Actuarial Report as at December 31, 1964 of the Contributory Pension Fund of Ontario Northland Transportation Commission was submitted by William M. Mercer Limited to the Chairman of the Pension Board in July 1965. The report indicated that at December 31, 1964 the Fund had an actuarial unfunded liability of \$19,443,107.00. The report further points out that a requirement under The Pension Benefits Act will be met if the Commission makes a payment in 1965 to the Fund of interest amounting to \$777,724.00 for one year on the unfunded liability.

While the Commission did not make an actual payment to the Fund a liability has been set up in the books of the Commission of \$777,724.00 at December 31, 1965 and an account receivable for the same amount appears in the Contributory Pension Fund records.

Retained Income Statement

The balance at credit shown on the retained income statement at December 31, 1965 is \$24,737,762.72 which is a reduction of \$328,054.78 from the balance shown at December 31, 1964. The net reduction is the result of a loss on operations for the year of \$1,194,357.74 together with uncollectible accounts of \$19,298.77 written off less an amount of \$858,128.02 received from the Province of Ontario to compensate for the loss on operations during 1963, profit on the sale of property, \$26,865.84 and unclaimed vouchers and wages of \$607.87.

Income Statement

The operations of the Commission resulted in a net loss of \$1,194,357.74 for the year ended December 31, 1965. Included in the charges to operations during the year were the losses incurred due to train wrecks amounting to \$626,918.73 and interest of \$777,724.00 on the unfunded liability of the Contributory Pension Fund. The operations of the commercial communications system produced a net operating revenue for the year ended December 31, 1965 of \$1,762,470.42 which was an increase of \$45,177.07 over the previous year.

Interest was not required from the Commission during the year ended December 31, 1965 on the loan of \$30,207,934.92 owing to the Province of Ontario.

Statement of Source and Application of Funds

The accompanying Statement of source and application of funds, in my opinion presents fairly the transactions from which the net decrease in working capital of \$602,763.87 arose during the year ended December 31, 1965.

Yours faithfully,

(Signed) G. H. SPENCE, F.C.A.,

Provincial Auditor.

COMBINED OPERATIONS OF THE COMMISSION

Net Income for Rail, Communications and Miscellaneous Operations	\$ 1,194,357.00†
Net Income — Star Transfer Limited	279,104.00
Net Earnings	<u>\$ 915,253.00†</u>

NOTE: Net Earnings of the Rail, Communications and Miscellaneous Operations include the amount of \$154,620.00 received as dividends from Star Transfer Limited. This amount is also reflected in results of Star Transfer Limited.

(†) Denotes Deficit.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

TRAFFIC AND MILEAGE STATISTICS

January 1 to December 31, 1965

PASSENGER TRAFFIC

Number of passengers carried earning revenue	219,200
Number of passengers carried one mile	30,841,000
Number of passengers carried one mile per mile of road	54,003
Average distance carried (miles)	140.7
Total passenger revenue	723,261.58
Average amount received from each passenger	3.30
Average receipts per passenger per mile (cents)	2.35
Total passenger train service revenue	789,916.39
Passenger service train revenue per mile of road	1,253.79

FREIGHT TRAFFIC

Number of tons carried earning revenue	2,958,113
Number of tons carried earning revenue one mile	604,988,000
Number of tons carried earning revenue one mile per mile of road	1,059,338
Average distance haul of one ton (miles)	204.5
Total Freight revenue	9,892,223.00
Average amount received for each ton	3.35
Average amount received per ton per mile (cents)	1.63
Freight revenue per mile of road	17,141.27
Freight revenue per train mile	12.93

TOTAL TRAFFIC

Operating revenue	17,141,939.84
Operating revenue per mile of road	30,015.65
Operating revenue per train mile	16.53
Operating expenses	16,736,263.75
Operating expenses per mile of road	29,305.31
Operating expenses per train mile	15.72
Net operating revenue	405,676.09
Net operating revenue per mile of road	710.34

CAR MILEAGE

Average number of passengers carried one mile per car mile	9.2
Average number of passengers carried one mile per train mile	103.
Average number of passenger cars per train mile	11.26
Mileage of passenger cars	3,369,410
Mileage of loaded freight cars	15,368,413
Mileage of empty freight cars	12,639,184
Average number of freight cars per train mile	36.5
Average number of loaded freight cars per train mile	20
Average number of empty freight cars per train mile	16.5
Average number of tons of freight per train mile	790.5
Average number of tons of freight per loaded car mile	39.37
Average number of miles operated during the year	571.1

TRAIN MILEAGE

Mileage of revenue passenger trains	299,250
Mileage of revenue freight trains	765,320
Total revenue train mileage	1,064,570

EXPRESS-FREIGHT

Total Revenue — Freight	804,452.00
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ONTARIO NORTHLAND TRANSPORTATION COMMISSION

DETAILS OF RAILWAY EQUIPMENT

Dec. 31, 1964 Additions Retirements Conversions Dec. 31, 1965

LOCOMOTIVES:

Diesel Yard Switcher	4	—	—	—	4
Diesel Road Switcher	22	—	3	—	19
Road "A" Units	22	—	2	—	20
	<u>48</u>	<u>—</u>	<u>5</u>	<u>—</u>	<u>43</u>

PASSENGER EQUIPMENT:

First Class	27	—	—	—	27
Combination	5	—	—	—	5
Restaurant	1	—	—	—	1
Lunch First Class	2	—	—	—	2
Cafe Parlor	1	—	—	—	1
Mail and Express	17	—	—	—	17
Box Baggage	2	—	—	—	2
	<u>55</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>55</u>

FREIGHT REVENUE EQUIPMENT:

Box	998	—	7	—	991
Flat	126	—	8	—	118
Hopper	100	—	—	—	100
	<u>1224</u>	<u>—</u>	<u>15</u>	<u>—</u>	<u>1209</u>
Cabooses	29	—	1	—	28
Steam Generator Car	1	—	—	—	1

WORK EQUIPMENT:

Business Cars	3	1	1	—	3
All Other Cars in Railway Service	204	6	9	—	201
	<u>207</u>	<u>7</u>	<u>10</u>	<u>—</u>	<u>204</u>
Total of All Equipment	1564	7	31	—	1540

HIGHWAY EQUIPMENT:

Bus	7	1	—	—	8
Trucks	20	12	3	—	29
Trailers	7	—	2	—	5
Station Wagons	4	—	1	—	3
Sedans	2	2	2	—	2
	<u>40</u>	<u>15</u>	<u>8</u>	<u>—</u>	<u>47</u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

MILES OF TRACK OPERATED

At Close of Fiscal Year, December 31, 1965

MAIN LINE:

	Miles	
North Bay to Timmins	257.20	
Porquis to Cochrane	28.20	
Cochrane to Moosonee	186.20	471.60
		<hr/>

BRANCH LINES:

Earlton to Elk Lake	28.50	
Welsh to Iroquois Falls	6.20	
Swastika Junction to Noranda	60.00	
Adams Junction to Dead End	4.80	99.50
		<hr/>

OTHER TRACKS:

Yard Tracks and Sidings	109.8	
Public Tracks	18.8	
Under Private Siding Agreement	15.0	
Owned Outright by the Industry	4.9	148.5
		<hr/>
		<u>719.6</u>

ANNUAL REPORT

of

STAR TRANSFER LIMITED

For Year Ended December 31, 1965

Head Office

TIMMINS, ONTARIO

BOARD OF DIRECTORS

W. A. JOHNSTON, M.P.P.	President	South River
K. PASSMORE	Vice President and Managing Director	Timmins
J. L. CANN	Vice President	North Bay
R. BRUNELLE, M.P.P.	Director	Moonbeam
W. R. THOMPSON	Director	Swastika
J. A. KENNEDY	Director	North Bay
G. H. STANLEY	Treasurer	Timmins
S. W. GOWAN	Secretary	North Bay

STAR TRANSFER LIMITED

(Incorporated Under the Laws of Ontario As a Private Company)

BALANCE SHEET

(As at December 31, 1965 With Comparative Figures for 1964)

ASSETS

	December 31, 1965	December 31, 1964
CURRENT:		
Cash (including Deposit Receipts)	\$ 197,971.31	\$ 108,909.28
Accounts Receivable	207,591.38	255,536.23
Less: Allowance for Doubtful Accounts	7,500.00	6,500.00
	<u>300,091.38</u>	<u>249,036.23</u>
	498,062.69	357,945.51
PREPAID EXPENSES AND DEPOSITS	13,671.74	13,384.16
MORTGAGE RECEIVABLE	402.00	18,606.55
FIXED — At Cost:		
Land	93,970.91	94,999.49
Buildings	523,433.92	571,409.66
Less: Accumulated Depreciation	116,768.85	120,449.96
	<u>406,665.07</u>	<u>450,959.70</u>
Trucks, trailers and automobiles	1,406,250.31	1,301,238.78
Less: Accumulated Depreciation	997,879.31	999,695.78
	<u>408,371.00</u>	<u>301,543.00</u>
Equipment, Furniture and Fixtures	102,390.82	78,338.45
Less: Accumulated Depreciation	56,687.11	45,190.13
	<u>45,703.71</u>	<u>33,148.32</u>
	954,710.69	880,650.51
	<u>\$ 1,466,847.12</u>	<u>\$ 1,270,586.73</u>

Approved on behalf of the Board,

E. A. Frith, Director.

K. Passmore, Director.

STAR TRANSFER LIMITED

(Incorporated Under the Laws of Ontario As a Private Company)

BALANCE SHEET

(As at December 31, 1965 With Comparative Figures for 1964)

LIABILITIES**CURRENT:**

December 31, 1965 December 31, 1964

Accounts Payable and Accrued Expenses	\$ 128,978.37	\$ 131,044.72
Receiver General re Employees' Tax Deductions	8,659.65	7,963.65
Accrued Wages	43,609.32	24,342.26
	<u>181,247.34</u>	<u>163,350.63</u>

CAPITAL AND SURPLUS:

Capital Stock

Preference:

6% Non-cumulative, Redeemable,

Par Value \$100.00 Each.

Authorized, 443 Shares.

Issued and Fully Paid, 395 Shares 39,500.00 39,500.00

Common:

Par Value \$100.00 Each.

Authorized, 200 Shares.

Issued and Fully Paid, 145 Shares 14,500.00 14,500.00

54,000.00 54,000.00

Contributed Surplus 4,200.00 4,200.00

Earned Surplus 1,227,399.78 1,049,036.10

1,285,599.78 1,107,236.10\$ 1,466,847.12 \$ 1,270,586.73

STAR TRANSFER LIMITED

AUDITOR'S REPORT

To the Shareholders:

I have examined the balance sheet of Star Transfer Limited as at December 31, 1965 and the statements of profit and loss and surplus for the year ended on that date. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as were considered necessary in the circumstances.

In my opinion the accompanying balance sheet and related statements of profit and loss and surplus present fairly the financial position of the Company as at December 31, 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
March 28, 1966.

(Signed) G. H. SPENCE, F.C.A.,
Provincial Auditor.

STATEMENT OF EARNED SURPLUS

For the Year Ended December 31, 1965
(With Comparative Figures for 1964)

	1965	1964
Balance at beginning of period	\$ 1,049,036.10	\$ 961,184.64
Add:		
Net Profit For the Period	279,104.25	136,439.70
Bad Debts Recovered	81.55	38.07
Profit on Disposal of Fixed Assets	46,333.29	6,873.69
Rebates on Prior Years' Fleet Insurance Premiums	7,464.59	—
	<u>332,983.68</u>	<u>143,351.46</u>
	1,382,019.78	1,104,536.10
Deduct:		
Dividends Paid — *		
On Preference Shares	2,370.00	29,625.00
On Common Shares	152,250.00	10,875.00
	<u>154,620.00</u>	<u>40,500.00</u>
Goodwill Written Off	—	15,000.00
	<u>154,620.00</u>	<u>55,500.00</u>
Balance at End of Period	<u>1,227,399.78</u>	<u>1,049,036.10</u>

*Dividends Paid:

Preference Shares —
1964 \$75.00 per share.
1965 6.00 per share.

Common Shares —
1964 \$75.00 per share.
1965 1,050.00 per share.

STATEMENT OF CONTRIBUTED SURPLUS

For the Year Ended December 31, 1965

Balance — December 31, 1965	4,200.00
(No Change During 1965)	

STAR TRANSFER LIMITED

STATEMENT OF PROFIT AND LOSS

For the Year Ended December 31, 1965
With Comparative Figures for 1964

	1965	1964
REVENUE		
Transport Trucking	\$ 2,903,334.41	\$ 2,360,883.33
Less: Interline Charges	303,986.72	197,873.25
	2,599,347.69	2,163,010.08
Commissions Earned	3,990.02	4,545.63
Cold Storage	596.14	445.11
Heating and Icing	5,418.03	5,240.01
Rentals	1,930.00	5,888.32
Miscellaneous	9,682.50	4,965.96
	2,620,964.38	2,184,095.11
EXPENSES:		
Damages	24,764.04	17,884.04
Provision for Depreciation —		
Buildings	21,494.59	23,862.17
Equipment	12,430.61	8,287.08
Trucks, Trailers and Automobiles	175,016.56	129,232.06
	208,941.76	161,381.31
Employees' Pension Fund	8,949.88	7,251.18
Gasoline, Oil and Diesel Fuel	389,361.23	337,098.14
Garage Supplies	5,097.22	5,598.34
Garage Salaries and Wages	91,547.36	88,402.24
Heating and Icing	3,145.07	4,021.43
Loading and Stowing	10,415.56	7,281.13
Trip Expense	7,485.59	6,172.62
Purchased Transportation	8,306.67	
Insurance	51,527.37	51,041.72
Licenses	69,400.72	63,050.50
Light, Heat, Power and Water	14,168.26	15,297.35
Maintenance —		
Buildings	9,359.00	7,401.50
Equipment	3,916.18	2,787.26
Yard	2,358.07	1,659.31
	15,633.25	11,848.07
Miscellaneous	3,733.14	1,697.25
Municipal Taxes	20,288.82	19,974.42
Radio Telephone Rental	2,449.33	5,634.47
Rent	6,134.75	3,732.00
Repairs to Trucks and Trailers	209,286.61	175,510.09
Tires and Tubes	81,428.95	80,025.37
Unemployment Insurance	8,239.98	7,767.05
Vacation Pay	26,214.14	23,803.11
Wages	734,111.32	630,336.92
Welfare Payments	19,164.00	18,234.00
Workmen's Compensation	23,733.71	23,164.74
Security Guards and Watchmen's Wages	14,127.29	14,559.72
Administrative Expenses, Per Statement Attached	284,204.11	266,888.20
	2,341,860.13	2,047,655.41
Net Profit for the Year	\$ 279,104.25	\$ 136,439.70

STAR TRANSFER LIMITED

STATEMENT OF ADMINISTRATIVE EXPENSES

For the Year Ended December 31, 1965

(With Comparative Figures for 1964)

	1965	1964
Advertising	\$ 8,314.56	\$ 7,745.15
Association Dues	4,403.47	3,051.38
Provision for Doubtful Accounts	8,146.94	4,740.02
Bank Charges and Interest	2,146.77	3,468.44
Legal, Actuarial and Audit Fees	7,391.09	19,214.87
Mortgage Interest	—	47.64
Office and General	10,975.89	11,164.10
Salaries	198,990.07	176,068.19
Postage	2,560.65	2,091.35
Salesmen's Expenses	3,190.67	3,606.29
Telephone, Telegraph and Teletype	21,762.82	20,625.67
Travelling	2,188.74	2,603.66
Donations	1,950.00	2,235.00
Group Insurance	8,415.62	7,497.47
Employees' Pension Fund	3,766.82	2,728.97
	<u>\$ 284,204.11</u>	<u>\$ 266,888.20</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Year Ending December 31, 1965

SOURCE OF FUNDS:

Net Profit for the Year	\$ 279,104.25
Provision for Depreciation (not requiring an outlay of funds)	208,941.76
Proceeds From Sale of Fixed Assets	85,073.63
Payments Received on Mortgages Receivable	18,204.55
Rebates on Prior Years' Fleet Insurance Premiums	7,464.59
Miscellaneous Items (Net)	412.05
	<u>599,200.83</u>

APPLICATION OF FUNDS:

Additions to Fixed Assets	321,742.28
Dividends Paid	154,620.00
Increase in Working Capital	122,838.55
	<u>\$ 599,200.83</u>

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(SIXTY-SIXTH ANNUAL REPORT

(OF THE

**Ontario, Northland Transportation
Commission**

(PROVINCE OF ONTARIO

HONOURABLE JOHN P. ROBARTS, Q.C.
Prime Minister

For the Year Ended December 31, 1966

PRINTED by ORDER of
THE LEGISLATIVE ASSEMBLY OF ONTARIO



TORONTO

Printed and Published by
Frank Fogg, Printer to the Queen's Most Excellent Majesty, 1967

SIXTY-SIXTH ANNUAL REPORT

OF THE

**Ontario Northland Transportation
Commission**

ONTARIO GOVERNMENT RAILWAY

HONOURABLE JOHN P. ROBARTS, Q.C.
Prime Minister

For the Year Ended December 31, 1966

PRINTED by ORDER of
THE LEGISLATIVE ASSEMBLY OF ONTARIO
Sessional Paper No. 46, 1967



TORONTO

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ONTARIO NORTHLAND TRANSPORTATION COMMISSION

W. A. JOHNSTON, M.P.P.	Chairman	South River
R. BRUNELLE, M.P.P. ^o	Commissioner	Moonbeam
W. R. THOMPSON	Commissioner	Swastika
J. A. KENNEDY	Commissioner	North Bay
S. W. GOWAN	Secretary	North Bay

(^o) Resigned as Commissioner November 30, 1966.

PRINCIPAL OFFICERS

E. A. FRITH	General Manager	North Bay
F. S. CLIFFORD	Manager of Rail Services	North Bay
S. W. GOWAN	Director of Finance and Administration	North Bay
J. S. COOPER	Chief Engineer	North Bay
R. A. WILLOUGHBY	Superintendent of Train Operations	Englehart
C. C. OLLIVIER	Superintendent of Express-Freight	North Bay
W. A. ETCHES	Chief Mechanical Officer	North Bay
R. J. SAYER	Assistant Manager of Rail Services	North Bay
H. H. PHILLIPS	Traffic Manager	North Bay
L. K. SMILEY	Manager of Communications	North Bay
D. E. MacDOUGALL	Comptroller	North Bay
T. W. PRESCOTT	Auditor of Disbursements	North Bay
G. W. WILLOUGHBY	Auditor of Revenues	North Bay
W. H. HURST	Purchasing Agent	North Bay
J. BRISBANE	Treasurer	North Bay
C. DOUGHTY	Supervisor Car Service	North Bay
H. BARR	Supervisor of Sales	North Bay

ONTARIO NORTHLAND RAILWAY

North Bay, Ontario,

April 12, 1967.

Mr. W. A. Johnston, M.P.P.,
Chairman.

Dear Sir:

The following report of operations for year ended December 31, 1966 is respectfully submitted.

Earnings and Expenses:

Rail, Communications and Miscellaneous Operations:

	1966	1965	Increase or Decrease
Total Revenue	\$18,786,028.00	\$17,141,939.00	\$ 1,644,089.00*
Total Expense	19,135,831.00	18,336,296.00	799,535.00*
Net Earnings ^(†)	\$ 349,803.00‡	\$ 1,194,357.00‡	\$ 844,554.00*

Star Transfer Limited:

Total Revenue	\$ 2,514,057.00	2,620,964.00	106,907.00†
Total Expense	2,312,317.00	2,341,860.00	29,543.00†
Net Earnings	\$ 201,740.00	\$ 279,104.00	\$ 77,364.00†
Net Position			
All Operations	\$ 148,063.00‡	\$ 725,086.00‡	\$ 577,023.00*

(‡) Denotes Deficit.

(*) Denotes Increase.

(†) Denotes Decrease.

(†) Net earnings of the rail, communications and miscellaneous operations include the amount of \$142,295.00 received as dividends from Star Transfer Limited. This amount is also reflected in results of Star Transfer Limited.

It is gratifying to report an increase in revenues of \$1,644,089.00. Of this freight accounts for \$1,091,244.00, express-freight \$83,855.00 and communications \$353,889.00. Rail passenger services declined by about \$41,000.00 but this was more than made up by the increase in bus revenues which amounted to \$114,610.00.

Reduction in revenues and earnings for Star Transfer Limited is attributable to the work stoppage which occurred early in the year and continued for about thirteen weeks.

While the trend toward higher wage and other costs continued in 1966, because of the higher volume of traffic handled without corresponding increase in costs, the net position of the railway was substantially improved resulting in a reduction of the deficit by \$844,554.00.

Financial:

Total debt of the Commission as at December 31, 1966 stood at \$23,649,000.00 of which \$16,649,000.00 was funded and \$7,000,000.00 on a temporary basis. Maturing debentures amounting to \$809,000.00 were retired and all interest payments were met in full.

Fire and Accident Insurance Reserve Funds:

At year end these funds stood at \$285,437.00 an increase of about \$11,000.00 over the previous year. No contributions are being made towards the fire insurance portion of the fund.

During 1966 an accident insurance fund was established to provide for severe loss or damage resulting from certain types of accidents. Insurance coverage has been taken out with deductibles of \$100,000.00. Annual appropriations of \$100,000.00 will be made to the fund, from which the insurance premiums will be paid and also the portion of losses of over \$100,000.00 not recoverable under the insurance policies.

Employer-Employee Relationship:

As a result of the inability of the Railways and the Unions to reach agreement on the wage and other requests made by the Unions, a work stoppage by the Non-Operating employees occurred at 12:00 noon, August 26, 1966 and continued until September 1, 1966 at which time it was terminated by An Act of the Federal Government. The terms of the Act provided a wage increase of four (4) percent effective January 1, 1966 and an additional four (4) percent effective July 1, 1966.

The Act also provided for the appointment of a Mediator to mediate the matters in dispute between the Railways and the Unions and to bring about agreement between them. Such mediation was in progress at year end.

Pension Fund:

As at December 31, 1966 the number of persons on railway pension payrolls was as follows:

	Employees	Dependents	Total	Pensions Paid December, 1966
Contributory Plan	461	289	750	\$101,273.89
Non-Contributory Plan	10	—	10	705.32

Commercial Communications:

Demands for additional Communications services continued during 1966. Long distance calling increased by 13 percent over the previous year. This additional business produced an associated increase in net revenue.

To take care of this increase in calling 25 additional long distance lines were installed throughout the system. Other facilities were added during the year as required to take care of new business.

Among the year's highlights was the start of the extension to the microwave system between Kirkland Lake and Noranda which is expected to be completed during 1967. This system which has a capacity of 600 talking paths will link the long distance centre at Noranda to the main microwave system to Cochrane, North Bay and the telephone network. This will provide additional high quality telephone lines for this area to take care of growth.

Bus Services:

1966 was a year of considerable expansion in bus operations. Service was extended from Cochrane to Hearst and from Timmins to Chapleau by purchase of existing licenses. Decisions in respect of applications for license extensions to serve between Chapleau and Wawa and between Chapleau and Sault Ste. Marie via Thessalon were pending at year end.

Interline services between Timmins and Toronto with Gray Coach Lines to provide a through service commenced in July 1966. Additional interlining to provide a through service between Port Arthur and North Bay will begin early in 1967.

Charter privileges into and through the Province of Quebec were obtained on a general basis and this will be used along with reserved accommodation, to offer half week visits to Expo 67 to people living on our bus routes.

Prospective:

Development of mining properties as reported in the past two or three Annual Reports has proceeded very nearly on schedule and this additional traffic is reflected in the improved earnings position of the railway. The full effect of this traffic is yet to be felt and it is hoped that the traffic accruing when full production is reached will result in the railway emerging from its present deficit position.

In addition to mining developments, conditions generally in the area served by the railway have improved over the past several years and this improvement has been reflected not only in rail traffic, but in Communications and Bus services as well. Present indications are that this trend will continue.

Yours very truly.

E. A. FRITH,

General Manager.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

BALANCE SHEET

As at December 31, 1966 with Comparative Figures for 1965

ASSETS

CURRENT ASSETS:

	1966	1965
Cash	\$ 62,761.56	\$ 111,979.86
Agents' Balances	1,731,468.02	1,519,978.85
Accounts Receivable	686,489.49	644,870.76
Material and Supplies	2,187,039.09	2,126,100.06
Prepaid Insurance	130,431.78	
	<u>4,798,189.94</u>	<u>4,402,929.53</u>

DEFERRED CHARGES AND OTHER ASSETS:

Fire and Accident Insurance Funds	285,437.82	274,574.82
Bus Franchises	122,122.10	
Discount and Expenses re Debenture Loans	68,381.41	85,895.47
Deposits	41,724.24	15,397.05
Miscellaneous	41,519.27	15,023.01
	<u>559,184.84</u>	<u>390,890.35</u>

INVESTMENT IN WHOLLY OWNED SUBSIDIARY:

Star Transfer Limited	691,800.21	691,800.21
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INVESTMENT IN PROPERTY:

Road — Main Line and Branches	73,352,916.52	66,447,650.11
Improvements — Leased Lines	4,366,303.01	4,282,511.08
Wholly Owned Subsidiary — Nipissing Central Railway	4,268,987.29	4,268,987.29
Equipment — Rail and Highway	22,174,196.44	21,837,782.07
Boat	264,454.90	390,790.36
Miscellaneous	255,015.27	418,806.86
	<u>104,681,873.43</u>	<u>97,646,527.77</u>
Less: Accumulated Depreciation	28,224,411.07	26,498,421.96
	<u>76,457,462.36</u>	<u>71,148,105.81</u>

CONTRIBUTORY PENSION FUND HELD IN TRUST

	10,190,090.86	9,367,505.93
	<u>\$ 92,696,728.21</u>	<u>\$ 86,001,231.83</u>

W. A. Johnston, Chairman.
D. E. MacDougall, Comptroller.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

BALANCE SHEET

As at December 31, 1966 with Comparative Figures for 1965

LIABILITIES

CURRENT LIABILITIES:

	1966	1965
Demand Loans — Guaranteed by Province of Ontario	\$ 6,500,000.00	\$ 200,000.00
Province of Ontario	500,000.00	
Accounts Payable	1,600,795.67	1,359,496.57
Traffic Balances	1,097,257.15	982,341.64
Debentures — 1967 Instalments and prior Maturities	820,000.00	811,000.00
Interest — Contributory Pension Fund		777,724.00
Debenture Interest Accrued	103,880.82	118,614.18
Deposits	25.00	8,842.00
	10,621,958.64	4,258,018.39

DEFERRED CREDITS AND RESERVES:

Deferred Rental Revenue	445,318.33	496,224.62
Fire and Accident Insurance Reserves	285,437.82	274,574.82
Fidelity Insurance Reserve	3,610.43	3,610.43
Miscellaneous	3,041.25	6,600.00
	737,407.83	781,009.87

LONG TERM LIABILITIES:

Debentures — Guaranteed by Province of Ontario:		
4% — 1967-1968	649,000.00	958,000.00
5¾% — 1967-1972	3,000,000.00	3,500,000.00
4¼% — 1968	5,500,000.00	5,500,000.00
5% — 1969	7,500,000.00	7,500,000.00
	16,649,000.00	17,458,000.00

Less Instalments due in 1967, included in Current Liabilities	819,000.00	809,000.00
	15,830,000.00	16,649,000.00
Loan from Province of Ontario Non-Interest Bearing	30,207,934.92	30,207,934.92
	46,037,934.92	46,856,934.92

CONTRIBUTORY PENSION FUND HELD IN TRUST

(Contra)	10,190,090.86	9,367,505.93
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RETAINED INCOME	25,109,335.96	24,737,762.72
	\$ 92,696,728.21	\$ 86,001,231.83

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

The comments in the report attached are an integral part of this balance sheet.

I have examined the balance sheet of the Ontario Northland Transportation Commission as at December 31, 1966 and the related statements of income, retained income and source and application of funds for the year ended on that date. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

Subject to my report of this date attached, in my opinion the accompanying balance sheet and the related statements of income, retained income and source and application of funds present fairly the financial position of the Commission as at December 31, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
March 31, 1967.

G. H. SPENCE, F.C.A.,
Provincial Auditor.

STATEMENT OF RETAINED INCOME

For the Year Ended December 31, 1966

Balance, December 31, 1965		\$ 24,737,762.72
ADD —		
Unclaimed Vouchers and Wages	\$ 3,951.23	
Profit on the sale of Property	22,348.05	
Received from Province of Ontario to compensate for 1964 net loss	861,526.32	887,825.60
		\$ 25,625,588.32
DEDUCT —		
Uncollectible Accounts	\$ 1,161.22	
Loss on Disposal of Temagami Boat Lines	165,287.72	
Net Loss for year ended December 31, 1966	349,803.42	516,252.36
Balance, December 31, 1966		<u>\$ 25,109,335.96</u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

STATEMENT OF INCOME

For the Year Ended December 31, 1966
With Comparative Figures for 1965

	Year Ended December 31, 1966	Year Ended December 31, 1965
RAILWAY OPERATING REVENUE		
(For Details See Schedule "A" Attached)		
Freight Services	\$ 11,033,418.03	\$ 9,942,174.60
Passenger Services	854,702.89	895,696.21
Express	888,307.23	804,452.55
Communications (Commercial)	5,167,911.19	4,814,022.14
All Other	841,688.82	685,594.34
Net Operating Revenue	18,786,028.16	17,141,939.84
RAILWAY OPERATING EXPENSE		
(For Details See Schedule "B" Attached)		
Road Maintenance	3,523,128.41	3,334,518.80
Equipment Maintenance	3,637,567.24	3,606,754.72
Traffic	207,220.63	176,183.13
Transportation	5,065,672.71	4,870,151.04
Miscellaneous Operations	183,030.09	176,471.83
Communications (Commercial)	3,203,203.63	3,051,551.72
General	1,194,671.36	1,096,407.90
Other — Bus, Boat Lines, Tourist Camp	456,440.16	424,224.61
Total Operating Expense	17,470,934.23	16,736,263.75
Net Revenue from Railway Operations	1,315,093.93	405,676.09
TAXES AND RENTS		
Railway Tax Accruals	132,183.95	130,697.67
Equipment Rents	44,591.36	15,199.49
Joint Facility Rents	31,425.33§	32,479.53§
Total Taxes and Rents	145,349.98	113,417.63
Net Railway Operating Surplus	1,169,743.95	292,258.46
OTHER INCOME		
Dividends — Star Transfer Limited	142,295.00	154,620.00
Other Income Charges	798.71	45,735.94
Total Other Income	143,093.71	200,355.94
Surplus Before Fixed Charges	1,312,837.66	492,614.40
FIXED CHARGES		
Interest on Funded Debt	827,406.64	868,363.35
Interest on Unfunded Debt	39,996.38	23,370.73
Discount and Expenses re Debenture Loans	17,514.06	17,514.06
Interest re Contributory Pension Fund	777,724.00	777,724.00
Total Fixed Charges	1,662,641.08	1,686,972.14
Net Loss Carried to Statement of Retained Income	\$ 349,803.42	\$ 1,194,357.74

(§) Denotes Cr.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Year Ended December 31, 1966

SOURCE OF FUNDS:

Charges to Operations Not Requiring An Outlay of Funds:

Provision for Depreciation	\$ 2,400,655.69	
Amortization — Discount on Debentures	17,514.06	
Other	2,704.31	\$ 2,420,874.06
Received from Province of Ontario re 1964 net loss		861,526.32
Profit on the Sale of Property		22,348.05
Increase in Demand Loans		6,800,000.00
		<u>10,104,748.43</u>

APPLICATION OF FUNDS:

Net Loss for the Year		349,803.42
Additions to Fixed Assets	8,219,749.35	
Less: Recovery on Retirements	344,449.39	7,875,299.96
Reduction in Long Term Liabilities		819,000.00
Miscellaneous — Deposits	26,327.19	
Other (Net)	29,969.31	56,296.50
Bus Franchises		122,122.10
Deferred Rental Revenue		50,906.29
Increase in Working Capital (Exclusive of Demand Loans)		831,320.16
		<u>\$ 10,104,748.43</u>

Schedule "A"

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

DETAILS OF OPERATING REVENUE

For the Year Ended December 31, 1966

With Comparative Figures for 1965

	Year Ended December 31, 1966	Year Ended December 31, 1965
FREIGHT SERVICES		
Freight	\$ 10,954,459.60	\$ 9,892,222.62
Switching	14,652.60	12,785.71
Demurrage	63,974.20	36,728.00
Storage	331.63	438.27
Total	11,033,418.03	9,942,174.60
PASSENGER SERVICES		
Passenger	679,745.43	723,261.58
Dining	131,499.43	130,397.98
Station, Train and Boat Privileges	5,213.39	5,188.30
News Service and Restaurants	35,903.94	34,408.74
Baggage, Transportation and Storage	2,340.70	2,439.61
Total	854,702.89	895,696.21
EXPRESS		
Express	888,307.23	804,452.55
COMMUNICATIONS (Commercial)		
Telegraph	333,975.97	322,687.34
Telephone	4,833,935.22	4,491,334.80
Total	5,167,911.19	4,814,022.14
ALL OTHER		
Mail	60,638.78	60,739.84
Highway Transport — Bus	374,567.65	259,957.60
Boat Lines	56,096.25	93,926.83
Tourist Camps	127,002.09	114,383.25
Milk	3,901.75	5,914.97
Rent, Buildings and Other Property	79,696.62	73,738.90
Miscellaneous	143,490.62	82,388.08
Joint Facilities	3,704.94	5,455.13
Total	841,688.82	685,594.34
Total Operating Revenue	\$ 18,786,028.16	\$ 17,141,939.84

(||) Denotes Dr.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

DETAILS OF OPERATING EXPENSE

For the Year Ended December 31, 1966

With Comparative Figures for 1965

	Year Ended December 31, 1966	Year Ended December 31, 1965
ROAD MAINTENANCE		
SUPERINTENDENCE	\$ 151,112.87	\$ 110,078.27
TRACK AND ROADWAY:		
Track and Roadway Maintenance	1,534,458.86	1,345,341.73
Ties	10,534.50	12,616.44
Rails	84,436.89\$	43,049.62
Other Track Material	74,005.37	31,775.25
Ballast	18.63\$	1,167.77
Fences, Snowsheds and Signs	8,003.54	14,015.09
Small Tools and Supplies	59,533.68	53,114.67
Removing Snow, Ice and Sand	190,631.05	214,775.15
Total	1,792,711.48	1,715,855.72
BRIDGES AND STRUCTURES:		
Tunnels, Bridges and Culverts	78,545.25	63,375.44
Station and Office Buildings	146,405.43	144,902.36
Roadway Buildings	32,689.00	37,788.36
Water and Fuel Stations	11,831.55	15,455.15
Shops and Enginehouses	77,970.10	73,810.24
Power Plant Systems	2,345.94	3,087.59
Other Structures	53.69	37.58
Total	349,840.96	338,456.72
RAILWAY COMMUNICATIONS AND SIGNAL SYSTEMS:		
Communications (Rail)	47,763.54	28,355.33
Signals	134,780.45	133,955.71
Total	182,543.99	162,311.04
MISCELLANEOUS:		
Roadway Machines	65,902.09	54,061.95
Injuries to Persons	33,396.96	37,146.40
Public Improvements	119.00	514.79
Insurance	11,162.27	375.16
Stationery	577.70	1,091.27
Other Expenses	30,973.76	32,720.30
Total	142,131.78	125,909.87
DEPRECIATION AND RETIREMENTS:		
Road and Property Depreciation	965,280.00	932,712.00
Dismantling Retired Road Property	863.09	2,577.13
Total	966,143.09	935,289.13
JOINT FACILITIES:		
Maintaining Joint Facilities	61,355.76\$	53,381.95\$
Total Road Maintenance	\$ 3,523,128.41	\$ 3,334,518.80

(\$) Denotes Cr.

	Year Ended December 31, 1966	Year Ended December 31, 1965
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EQUIPMENT MAINTENANCE

SUPERINTENDENCE:	\$ 118,385.58	\$ 108,872.46
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MACHINERY:

Shop and Power House Machinery	67,668.07	58,890.70
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EQUIPMENT:

Diesel Locomotives	1,169,657.45	1,354,095.16
Freight Train Cars	1,048,901.24	860,501.64
Passenger Train Cars	367,504.36	363,698.97
Work Equipment	79,649.24	63,113.99
Other Equipment	1,377.03	2,455.66
Total	2,667,089.32	2,643,865.42

MISCELLANEOUS:

Injuries to Persons	33,409.81	25,809.88
Insurance	28,215.89	229.54
Stationery	4,327.20	3,957.70
Total	65,952.90	29,997.12

DEPRECIATION AND RETIREMENTS:

Other Equipment and Machinery Depreciation	36,116.10	33,516.31
Dismantling Retired Equipment	432.17	3,244.04
Rolling Stock Depreciation	687,036.00	731,415.31
Total	723,584.27	768,175.66

JOINT FACILITIES:

Maintaining Joint Facilities	5,112.90\$	3,046.64\$
Total Equipment Maintenance	3,637,567.24	3,606,754.72

TRAFFIC

Superintendence	106,028.86	108,267.88
Agencies	38,602.81	27,247.30
Advertising	32,924.40	21,458.73
Associations	4,354.69	5,917.43
Stationery	24,331.87	12,152.35
Other Expenses	978.00	1,139.44
Total Traffic	\$ 207,220.63	\$ 176,183.13

TRANSPORTATION

SUPERVISION:

Superintendence	\$ 208,329.56	\$ 187,698.44
Despatching	89,477.94	80,494.70
Total	297,807.50	268,193.14

STATION SERVICES:

Station Employees	1,158,431.24	1,070,246.16
Weighing, Inspecting and Demurrage	3,276.88	2,180.52
Station Expense	281,177.84	337,805.51
Total	1,442,885.96	1,410,232.19

YARD SERVICES:

Yardmasters and Clerks	206,065.36	204,921.29
Yard Trainmen	279,274.14	273,742.14
Yard Switchmen	7,289.56	7,392.17
Yard Enginemen	128,737.96	141,420.33
Yard Locomotive Fuel and Power	25,666.40	26,926.60
Yard Locomotive Water	167.86	126.62
Yard Locomotive Other Supplies	1,412.46	1,193.77
Yard Enginehouse Expenses	12,035.15	11,643.95
Yard Other Expenses	8,268.89	9,955.42
Total	668,917.78	677,322.29

TRAIN OPERATIONS:

Train Enginemen	499,536.73	474,588.89
Train Locomotive Fuel and Power	551,536.79	572,444.33
Train Locomotive Water	3,774.11	3,819.36
Train Locomotive Other Supplies	35,846.98	35,247.53
Train Enginehouse Expenses	293,697.84	275,970.06
Trainmen	744,912.64	630,546.15
Train Other Expenses	474,114.03	463,999.69
Total	2,603,419.12	2,456,616.01

MISCELLANEOUS:

Signal Operation	947.30	1,084.22
Crossing Protection	7,514.18	7,215.28
Stationery	44,965.47	42,365.00
Other Expenses	34,880.35	34,292.48
Total	88,307.30	84,956.98

CASUALTY COSTS:

Clearing Wrecks	37,507.78	48,586.81
Damage to Property	6,997.23	365.92
Loss and Damage — Freight	116,848.13	119,233.78
Loss and Damage — Baggage	284.51	278.26
Injuries to Persons	55,296.37	56,894.24
Total	216,934.02	225,359.01

JOINT FACILITIES:

Operating Joint Yards and Terminals	252,598.97\$	252,528.58\$
Total Transportation	\$ 5,065,672.71	\$ 4,870,151.04

(§) Denotes Cr.

	Year Ended December 31, 1966	Year Ended December 31, 1965
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MISCELLANEOUS OPERATIONS

Dining and Buffet Service	\$ 149,448.89	\$ 143,965.29
News Service and Restaurant	32,859.36	31,718.55
Other Operations	721.84	787.99
Total Miscellaneous Operations	<u>183,030.09</u>	<u>176,471.83</u>

COMMUNICATIONS (Commercial)

Telegraph Maintenance	196,070.80	208,713.76
Telegraph Conducting Operations	93,417.30	105,582.83
Telegraph General	32,445.10	29,366.19
Telegraph Municipal Taxes	2,605.62	2,646.59
Telephone Maintenance	1,135,236.70	1,113,790.21
Telephone Conducting Operations	1,483,497.70	1,352,514.57
Telephone General	225,737.88	205,868.59
Telephone Municipal Taxes	34,192.53	33,068.98
Total Communications	<u>3,203,203.63</u>	<u>3,051,551.72</u>

GENERAL

General Officers	172,685.38	168,871.16
Clerk and Attendants	403,968.61	370,050.91
Office Expenses	25,654.56	22,217.43
Law Expenses	24,788.18	17,450.47
Insurance	11,625.36	137.04
Pensions	507,871.68	471,493.18
Stationery	28,695.88	23,090.33
Other Expenses	49,772.76	49,031.42
Joint Facilities General	30,391.05\$	25,934.04\$
Total General	<u>1,194,671.36</u>	<u>1,096,407.90</u>

OTHER

Highway Transport Operations — Bus	285,043.00	204,979.27
Boat Line Operations	80,400.29	134,399.34
Tourist Camp Operations	90,996.87	84,846.00
Total Other	<u>456,440.16</u>	<u>424,224.61</u>
Total Operating Expense	<u>\$ 17,470,934.23</u>	<u>\$ 16,736,263.75</u>

(\$) Denotes Cr.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION**AUDITOR'S REPORT**

Toronto, March 31, 1967.

To the Chairman and Members of the
Ontario Northland Transportation Commission,
North Bay, Ontario.

Dear Sirs:—

In accordance with Section 39 of The Ontario Northland Transportation Commission Act, I have conducted an audit of the books, records and accounts of the Commission for the year ended December 31, 1966 and comment thereon as follows:

BALANCE SHEET

The cash in banks of \$60,831.56 at December 31, 1966 was reconciled with the balances shown on letters of confirmation received direct from the banks concerned. The petty cash funds totalling \$1,930.00 were verified by actual count or confirmation and were reconciled with the related records.

The Contributory Pension Fund of \$10,190,090.86 consists of securities at a cost value of \$10,034,719.07 and cash in bank of \$155,371.79. The Fire and Accident Insurance Funds of \$285,437.82 consist of securities at a cost value of \$261,961.87 and cash in bank of \$6,438.68, a total of \$268,400.55 in the Fire Insurance Fund, and cash in bank of \$17,037.27 in the Accident Insurance Fund. The securities of the Funds were verified by actual count and reconciliation with the related records. The cash in banks was reconciled with the balances shown on letters of confirmation received direct from the banks.

The Accident Insurance Fund was established during the year to provide for loss or damage of over \$100,000.00 resulting from any one accident or occurrence. Annual appropriations of \$100,000.00 will be made to the Fund and payments from the Fund will be made for the premium on the insurance policies and the portion of losses of over \$100,000.00 not recoverable under the insurance policies.

Losses of less than \$100,000.00 in any one accident will continue to be charged to operations as in previous years.

The coverage provided by these policies, subject to a \$100,000.00 deductible clause in each case, and the amounts of the related premiums are as follows:

Section 1 — All damages in respect of bodily injury or death and damage to the property of others—limit any one accident \$3,000,000.00. Premium, three years — \$43,750.00.

Section 2 — "All Risks" of physical loss or damage to diesel locomotives—limit any one accident \$1,000,000.00. Premium, three years — \$106,240.00.

Section 3 — Fire, lightning and extended coverages to property of every description except property of Star Transfer Limited, motor vehicles and rolling stock—limit any one accident \$1,200,000.00. Premium, one year — \$13,490.00.

The Nipissing Central Railway is a wholly owned subsidiary of the Ontario Northland Transportation Commission. Under an agreement, the Commission operates the Nipissing Central Railway as part of its system. This property has been grouped with other Road items at a net figure representing book value less a retirement reserve of \$674,368.71.

Star Transfer Limited is a wholly owned subsidiary of the Ontario Northland Transportation Commission with its head office located at Timmins, Ontario. Star Transfer Limited has its own executive officers and its operations are conducted independently of those of the Ontario Northland Railway. The operations of Star Transfer Limited for the year ended December 31, 1966 resulted in a net profit of \$201,740.00. This is a decrease of \$77,364.25 from the net profit shown in the previous year. The Company declared dividends of \$142,295.00 which were received by the Commission during the year ended December 31, 1966.

Materials and Supplies of the Commission had a book value of \$2,187,039.09 at December 31, 1966 which is an increase of \$60,939.03 over the year 1965. A physical inventory of Material and Supplies was taken as at August 31, 1966 and I have received certificates from responsible officers of the Commission to the effect:

- (a) That the quantities were determined by actual physical count, weight or measurement or by conservative estimate where actual count, weight or measurement was impracticable, and
- (b) That the basis of inventory pricing was laid down cost for new material and estimated utility or sales value for usable reclaimed, obsolete and scrap material, after making reasonable pricing allowance for condition thereof.

The General Manager and Comptroller of the Railway have certified in writing that, to the best of their knowledge and belief, all liabilities of the Commission have been disclosed on the balance sheet at December 31, 1966 with the exception of the following contingent liabilities:

- “(a) Permanent awards under The Workmen’s Compensation Act for which no reserve has been set up in the books of the Commission.
- (b) Amounts required to meet non-Contributory Pension Payroll.
- (c) (i) Guarantee of the Commission given to the Toronto-Dominion Bank at Timmins to cover such loans or overdrafts as may be incurred by Star Transfer Limited from time to time in respect to normal operations of the business, and (ii) To cover the performance of obligations of Star Transfer Limited for construction or the repayment of monies in respect to obligations for construction up to \$250,000.00.”

The books and statements of the Commission do not reflect accrued interest of \$17,523.36 on demand loans at December 31, 1966.

The construction of the Branch Line to be leased to the Texas Gulf Sulphur Company was substantially completed during the year. The cost of construction to December 31, 1966, in the amount of \$3,878,294.27, has been capitalized on the books of the Commission and is included in the Investment in Road-Main Line and Branches. The final cost is estimated to be \$4,150,000.00.

Under the terms of the agreement, the Texas Gulf Sulphur Company is to pay an annual rental, for a period of 20 years, equal to 1/20 of the "Commission's Investment" in the Branch Line, plus interest on the declining-balance basis of the rate of 6½% per annum. The "Commission's Investment" is the cost of construction referred to in the previous paragraph plus an allowance to cover all overhead costs of the Commission.

Accounts Receivable and Accounts Payable at December 31, 1966 were not confirmed by direct correspondence with the debtors or creditors concerned.

STATEMENT OF RETAINED INCOME

The balance of retained income at December 31, 1966 is \$25,109,335.96, an increase of \$371,573.24 over the comparable amount at December 31, 1965. The net increase results from an amount of \$861,526.32 received from the Province of Ontario to compensate for 1964 net loss on operations, profit on sale of property, \$22,348.05, unclaimed vouchers and wages \$3,951.23, less loss on operations for the year of \$349,803.42, loss on disposal of Temagami Boat Lines, \$165,287.72 and uncollectible accounts written off in the amount of \$1,161.22.

STATEMENT OF INCOME

The operations of the Commission resulted in a net loss of \$349,803.42 for the year ended December 31, 1966, a reduction of \$844,554.32 from the comparable loss for the year ended December 31, 1965. The operations of the commercial communications system produced a net operating revenue of \$1,964,707.56, an increase of \$202,237.14 over that of the previous year.

Interest was not required from the Commission during the year ended December 31, 1966 on the loan of \$30,207,934.92 owing to the Province of Ontario.

Yours faithfully,

(Signed) G. H. SPENCE, F.C.A.,

Provincial Auditor.

COMBINED OPERATIONS OF THE COMMISSION

Net Income for rail, communications and miscellaneous operations	\$ 349,803.00‡
Net Income — Star Transfer Limited	201,740.00
Net Earnings	<u>\$ 148,063.00‡</u>

NOTE:—Net earnings of the rail, communications and miscellaneous operations include the amount of \$142,295.00 received as dividends from Star Transfer Limited. This amount is also reflected in results of Star Transfer Limited.

(‡) Denotes Deficit.

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

TRAFFIC AND MILEAGE STATISTICS

January 1 to December 31, 1966

PASSENGER TRAFFIC

Number of passengers carried earning revenue	203,078
Number of passengers carried one mile	27,475,000
Number of passengers carried one mile per mile of road	48,109
Average distance carried (miles)	135.3
Total passenger revenue	679,745.43
Average amount received from each passenger	3.35
Average receipts per passenger per mile (cents)	2.47
Total passenger train service revenue	746,626.66
Passenger service train revenue per mile	1,307.35

FREIGHT TRAFFIC

Number of tons carried earning revenue	3,509,981
Number of tons carried earning revenue one mile	728,777,000
Number of tons carried earning revenue one mile per mile of road	1,276,093
Average distance haul of one ton (miles)	207.6
Total freight revenue	10,954,459.60
Average amount received for each ton	3.12
Average amount received per ton per mile (cents)	1.50
Freight revenue per mile of road	19,181.33
Freight revenue per train mile	13.73

TOTAL TRAFFIC

Operating revenue	18,786,028.16
Operating revenue per mile of road	32,894.45
Operating revenue per train mile	17.02
Operating expenses	17,616,284.21
Operating expenses per mile of road	30,846.24
Operating expenses per train mile	16.22
Net operating revenue	1,169,743.95
Net operating revenue per mile of road	2,048.23

CAR MILEAGE

Average number of passengers carried one mile per car mile	8.2
Average number of passengers carried one mile per train mile	95.4
Average number of passenger cars per train mile	11.57
Mileage of passenger cars	3,335,177
Mileage of loaded freight cars	16,393,864
Mileage of empty freight cars	13,404,727
Average number of freight cars per train mile	37.35
Average number of loaded freight cars per train mile	20.65
Average number of empty freight cars per train mile	16.70
Average number of tons of freight per train mile	913.3
Average number of tons of freight per loaded car mile	44.46
Average number of miles operated during the year	571.1

TRAIN MILEAGE

Mileage of revenue passenger trains	288,021
Mileage of revenue freight trains	797,942
Total revenue train mileage	1,085,963

EXPRESS-FREIGHT

Total revenue — freight	888,307.23
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ONTARIO NORTHLAND TRANSPORTATION COMMISSION

DETAILS OF RAILWAY EQUIPMENT

	Dec. 31, 1965	Additions	Retirements	Conversions	Dec. 31, 1966
LOCOMOTIVES:					
Freight — Steam	0	—	—	—	0
Diesel Yard Switcher	4	—	—	—	4
Diesel Road Switcher	19	—	—	—	19
Road "A" Units	20	—	—	—	20
	<u>43</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>43</u>
PASSENGER EQUIPMENT:					
First Class	27	2	—	—	29
Combination	5	—	—	—	5
Restaurant	1	—	—	—	1
Lunch First Class	2	—	—	—	2
Cafe Parlor	1	—	—	—	1
Mail and Express	17	—	—	—	17
Box Baggage	2	—	—	—	2
	<u>55</u>	<u>2</u>	<u>—</u>	<u>—</u>	<u>57</u>
FREIGHT REVENUE EQUIPMENT:					
Box	991	—	6	—	985
Flat	118	—	—	—	118
Hopper	100	—	2	—	98
	<u>1209</u>	<u>—</u>	<u>8</u>	<u>—</u>	<u>1201</u>
Cabooses	28	—	—	—	28
Steam Generator Car	1	—	—	—	1
WORK EQUIPMENT:					
Business Cars	3	—	—	—	3
All Other Cars in Railway Service	201	—	1	—	200
	<u>204</u>	<u>—</u>	<u>1</u>	<u>—</u>	<u>203</u>
Total of All Equipment	1540	2	9	—	1533
HIGHWAY EQUIPMENT:					
Bus	8	3	1	—	10
Trucks	29	8	10	—	27
Trailers	5	—	—	—	5
Station Wagons	3	2	1	—	4
Sedans	2	—	—	—	2
Transoline 7 Passenger Bus	—	3	—	—	3
Portable Piggy Back Ramps	2	—	—	—	2
	<u>49</u>	<u>16</u>	<u>12</u>	<u>—</u>	<u>53</u>

ONTARIO NORTHLAND TRANSPORTATION COMMISSION

MILES OF TRACK OPERATED

At Close of Fiscal Year, December 31, 1966

MAIN LINE:

	Miles	
North Bay to Timmins	257.20	
Porquis to Cochrane	28.20	
Cochrane to Moosonee	186.20	471.60
		<hr/>

BRANCH LINES:

Earlton to Elk Lake	28.50	
Welsh to Iroquois Falls	6.20	
Swastika Junction to Noranda	60.00	
Adams Junction to Dead End	4.80	
Sherman Mine Spur	4.16	
Texas Gulf Sulphur Spur	17.05	120.71
		<hr/>

OTHER TRACKS:

Yard Tracks and Sidings	112.27	
Public Tracks	17.73	
Under Private Siding Agreement	13.49	
Owned Outright by the Industry	18.66	162.15
		<hr/>
		<hr/>
		754.46
		<hr/>

ANNUAL REPORT

of

STAR TRANSFER LIMITED

FOR YEAR ENDED DECEMBER 31, 1966

Head Office
TIMMINS, ONTARIO

BOARD OF DIRECTORS

W. A. JOHNSTON, M.P.P.	President	South River
K. PASSMORE	Vice-President and Managing Director	Timmins
E. A. FRITH	Vice-President	North Bay
R. BRUNELLE, M.P.P.°	Director	Moonbeam
W. R. THOMPSON	Director	Swastika
J. A. KENNEDY	Director	North Bay
G. H. STANLEY	Treasurer	Timmins
S. W. GOWAN	Secretary	North Bay

(°) Resigned November 30, 1966.

STAR TRANSFER LIMITED

(Incorporated Under the Laws of Ontario As a Private Company)

BALANCE SHEET

As at December 31, 1966 with Comparative Figures for 1965

ASSETS

	December 31, 1966	December 31, 1965
CURRENT:		
Cash (including Deposit Receipts)	\$ 97,470.28	\$ 197,971.31
Accounts Receivable	350,724.33	307,591.38
Less: Allowance for Doubtful Accounts ...	10,000.00	7,500.00
	<hr/> 340,724.33	<hr/> 300,091.38
	438,194.61	498,062.69
PREPAID EXPENSES AND DEPOSITS	12,955.27	13,671.74
MORTGAGE RECEIVABLE		402.00
MOTOR VEHICLE SELF-INSURANCE FUND	6,196.07	
FIXED — At Cost:		
Land	93,970.91	93,970.91
Buildings	569,094.31	523,433.92
Less: Accumulated Depreciation	139,233.59	116,768.85
	<hr/> 429,860.72	<hr/> 406,665.07
Trucks, Trailers and Automobiles	1,575,787.20	1,406,250.31
Less: Accumulated Depreciation	1,032,233.20	997,879.31
	<hr/> 543,554.00	<hr/> 408,371.00
Equipment, Furniture and Fixtures	106,815.45	102,390.82
Less: Accumulated Depreciation	66,783.17	56,687.11
	<hr/> 40,032.28	<hr/> 45,703.71
	<hr/> 1,107,417.91	<hr/> 954,710.69
	<hr/> \$ 1,564,763.86	<hr/> \$ 1,466,847.12

Approved on behalf of the Board,

E. A. Frith, Director.

K. Passmore, Director.

STAR TRANSFER LIMITED

(Incorporated Under the Laws of Ontario As a Private Company)

BALANCE SHEET

As at December 31, 1966 with Comparative Figures for 1965

LIABILITIES

	December 31, 1966	December 31, 1965
CURRENT:		
Accounts Payable and Accrued Expenses	\$ 140,495.93	\$ 128,978.37
Receiver General re Employee's Payroll Deductions	14,786.39	8,659.65
Accrued Wages	20,526.22	43,609.32
	<u>175,808.54</u>	<u>181,247.34</u>
RESERVE FOR MOTOR VEHICLE SELF-INSURANCE	6,196.07	
CAPITAL AND SURPLUS:		
Capital Stock		
Preference:		
6% non-cumulative, redeemable, Par Value \$100.00 each. Authorized, 443 shares.		
Issued and Fully Paid, 395 Shares	39,500.00	39,500.00
Common:		
Par Value \$100.00 Each. Authorized, 200 shares.		
Issued and Fully Paid, 145 Shares	14,500.00	14,500.00
	<u>54,000.00</u>	<u>54,000.00</u>
Contributed Surplus	4,200.00	4,200.00
Earned Surplus	1,324,559.25	1,227,399.78
	<u>1,382,759.25</u>	<u>1,285,599.78</u>
	<u>\$ 1,564,763.86</u>	<u>\$ 1,466,847.12</u>

STAR TRANSFER LIMITED

AUDITOR'S REPORT

To the Shareholders:

I have examined the balance sheet of Star Transfer Limited as at December 31, 1966 and the statements of profit and loss, surplus and source and application of funds for the year ended on that date. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as were considered necessary in the circumstances.

In my opinion the accompanying balance sheet and related statements of profit and loss, surplus and source and application of funds present fairly the financial position of the Company as at December 31, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

(Signed) G. H. SPENCE, F.C.A.,
Provincial Auditor.

Toronto, Ontario,
March 29, 1967.

STATEMENT OF EARNED SURPLUS

For Year Ended December 31, 1966 with Comparative Figures for 1965

	1966	1965
Balance at beginning of period	\$ 1,227,399.78	\$ 1,049,036.10
Add:		
Net profit for the period	201,740.00	279,104.25
Bad debts recovered	252.50	81.55
Profit on disposal of fixed assets	37,461.97	46,333.29
Rebate on prior years' fleet insurance premiums		7,464.59
	<u>239,454.47</u>	<u>332,983.68</u>
	1,466,854.25	1,382,019.78
Deduct:		
*Dividends Paid:		
On Preference Shares	2,370.00	2,370.00
On Common Shares	139,925.00	152,250.00
	<u>142,295.00</u>	<u>154,620.00</u>
Balance at End of Period	<u>\$ 1,324,559.25</u>	<u>\$ 1,227,399.78</u>
*Dividends Paid:		
Preference Shares —	Common Shares —	
1965 \$6.00 per share.	1965 \$1,050.00 per share.	
1966 \$6.00 per share.	1966 \$ 965.00 per share.	

STATEMENT OF CONTRIBUTED SURPLUS

For the Year Ended December 31, 1966

Balance — December 31, 1966	\$ 4,200.00
(No Change During 1966)	

STAR TRANSFER LIMITED

STATEMENT OF PROFIT AND LOSS

For Year Ended December 31, 1966 with Comparative Figures for 1965

REVENUE:

	1966	1965
Transport Trucking	\$ 2,837,616.02	\$ 2,903,334.41
Less: Interline Charges	348,037.60	303,986.72
	2,489,578.42	2,599,347.69
Commissions Earned	3,828.92	3,990.02
Cold Storage	1,480.20	596.14
Heating and Icing	3,565.27	5,418.03
Rentals	1,887.50	1,930.00
Miscellaneous	13,716.69	9,682.50
	2,514,057.00	2,620,964.38

EXPENSES:

Damages	28,055.26	24,764.04
Provision for Depreciation —		
Buildings	22,464.74	21,494.59
Equipment	10,761.58	12,430.61
Trucks, Trailers and Automobiles	232,951.66	175,016.56
	266,177.98	208,941.76
Employees' Pension Fund	19,029.05	8,949.88
Gasoline, Oil and Diesel Fuel	319,716.93	389,361.23
Garage Supplies	5,363.51	5,097.22
Garage Salaries and Wages	90,746.83	91,547.36
Heating and Icing	1,986.19	3,145.07
Loading and Stowing	11,345.99	10,415.56
Trip Expense	5,189.87	7,485.59
Purchased Transportation	15,087.39	8,306.67
Insurance	49,254.02	51,527.37
Licenses	74,196.60	69,400.72
Light, Heat, Power and Water	13,611.94	14,168.26
Maintenance —		
Buildings	9,615.84	9,359.00
Equipment	4,598.78	3,916.18
Yard	1,695.08	2,358.07
	15,909.70	15,633.25
Miscellaneous	1,771.94	3,733.14
Municipal Taxes	21,653.78	20,288.82
Radio Telephone Rental	686.52	2,449.33
Rent	6,835.00	6,134.75
Repairs to Trucks and Trailers	187,389.09	209,286.61
Tires and Tubes	76,397.59	81,428.95
Unemployment Insurance	7,635.71	8,239.98
Vacation Pay	32,152.74	26,214.14
Wages	693,056.71	734,111.32
Welfare Payments Under Agreement	21,249.00	19,164.00
Workmen's Compensation	21,879.95	23,733.71
Security Guards and Watchmen's Wages	13,452.00	14,127.29
Administrative Expenses, Per Statement Attached	312,485.71	284,204.11
	2,312,317.00	2,341,860.13

Net Profit for the Year	\$ 201,740.00	\$ 279,104.25
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STAR TRANSFER LIMITED

STATEMENT OF ADMINISTRATIVE EXPENSES

For Year Ended December 31, 1966 with Comparative Figures for 1965

	1966	1965
Advertising	\$ 7,950.08	\$ 8,314.56
Association Dues	5,812.55	4,403.47
Provision for Doubtful Accounts	5,402.93	8,146.94
Bank Charges and Interest	1,696.85	2,146.77
Legal and Audit Fees	8,311.29	7,391.09
Office and General	11,983.44	10,975.89
Salaries	224,981.55	198,990.07
Postage	2,292.38	2,560.65
Salesmen's Expenses	3,469.18	3,190.67
Telephone, Telegraph and Teletype	21,251.28	21,762.82
Travelling	3,459.95	2,188.74
Donations	1,915.00	1,950.00
Group Insurance	8,722.77	8,415.62
Employees' Pension Plan	5,236.46	3,766.82
	<u>\$ 312,485.71</u>	<u>\$ 284,204.11</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For Year Ended December 31, 1966 with Comparative Figures for 1965

SOURCE OF FUNDS:

Net profit for the year	\$ 201,740.00
Provision for Depreciation (not requiring an outlay of funds)	266,177.98
Proceeds From Sale of Fixed Assets	56,811.45
Payments Received on Mortgage Receivable	402.00
Bad Debts Recovered	252.50
Decrease in Working Capital	55,145.75
	<u>580,529.68</u>

APPLICATION OF FUNDS:

Additions to Fixed Assets	438,234.68
Dividends Paid	142,295.00
	<u>\$ 580,529.68</u>

BINDING SECT. AUG 7 1985

